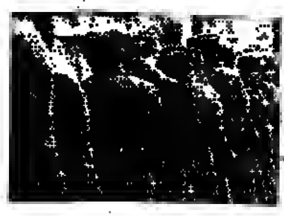


Soviet melting pot

Republics struggle for nationhood

Page 11

Married to the Mob

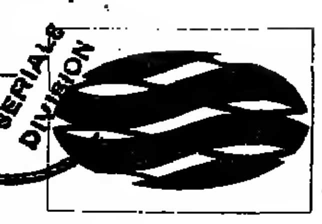
How the Mafia has infected Sicily

Page 2

Electronic markets

Wired for trade in Singapore

Page 7



Drug trials

Boots' unpleasant trip with Manoplax

Page 13

FINANCIAL TIMES

Europe's Business Newspaper — TUESDAY JULY 20 1993 — D8523A

Clinton strikes compromise over gays in US military

President Bill Clinton officially opened the US military to homosexuals yesterday, partly lifting the services' traditional ban. The directive outlining the changes says that "homosexual conduct" but not homosexual orientation will be grounds for removal from the armed forces. A senior administration official described the guidelines as: "Don't ask, don't tell, don't pursue." Earlier report, Page 4

BT3: The newly privatised British Telecom shares closed at 168p in London – giving industrial investors an 8p premium over their partly paid price and small shareholders 18p more. Page 13; London shares, Page 21

Medeva shares collapse: A profits warning from fast-growing, UK-based drugs company Medeva drove its shares down 100p to 116p. Page 13; Lex, Page 12; London shares, Page 21

Bosnian mental patients abandoned: UN observers entering Fojnica, a Bosnian town sacked by Moslem troops, found 230 mental patients abandoned without food or water. Two children were dead and some patients were locked in their rooms. Pressure on Izetbegovic, Page 2

Post-election power play: Leaders of Japan's Liberal Democratic party argued openly about who should quit to take the blame for the party's loss of power. Prime minister Kiichi Miyazawa indicated a wish to remain leader in spite of unsubtle hints from other senior officials. Page 12

France changed its constitution, making it easier to prosecute government ministers accused of misconduct and insulate the judiciary from political influence. Page 12

Ex-minister's arrest sought: Naples magistrates asked parliament for permission to arrest former Italian health minister Francesco De Lorenzo in connection with suspected illegal payments from drugs companies. Page 2

Lift-off for McDonnell Douglas: The US defence and aerospace group improved second-quarter net earnings from $1m to $170m in spite of the world civil aviation downturn. Early on in New York, the shares were $2 up at $74. Page 13

Missile row resolved: United Nations arms envoy Rolf Ekeus said he had resolved the crisis with Iraq over weapons monitoring and saw no need for military action against Baghdad. Page 3

Chase Manhattan, New York-based bank, boosted second-quarter net income to $233m from $152 last year. A $225m provision against possible second-quarter credit losses was $70m lower than a year earlier. Page 13

Attali's successor: With nominations closing tomorrow afternoon, no candidates had officially been put forward by yesterday to succeed Jacques Attali as president of the European Bank for Reconstruction and Development.

Corruption fears: Hong Kong governor Chris Patten voiced concern about growing corruption in the colony, saying China's economic boom was inevitably a factor in cross-border graft. He welcomed moves to cool China's economy and said Hong Kong was well placed to ride out any resulting turbulence. China convinced, Page 3

Israel sets date: Israel's Supreme Court will on July 29 rule on the fate of John Demjanjuk, the former US carworker condemned five years ago by a lower court to hang for being Nazi killer Ivan the Terrible. Demjanjuk challenged the conviction on the grounds of mistaken identity.

Clash on birth control: Fidel Ramos, the Philippines first non-Catholic president, vowed to press on with his birth control project despite church opposition. The country has 65m people and the world's 14th biggest population.

Russians queue for shares: Russians have rushed to exchange privatisation coupons for shares in two hotels, a confectionery plant and a Moscow store. Coupons, issued free to all citizens at the start of state sell-offs late last year, have started trading at above face value.

Jurassic record-beater: Steven Spielberg's dinosaur epic broke all cinema box office records in Britain and Ireland over the weekend, grossing nearly £5m ($7.5m). More than 1.75m people saw it over its opening weekend.

STOCK MARKET INDICES

FT-SE 100:	2842.9	(+9.9)
Yield	4.03	
FT-SE Eurotrack 100	1235.43	(+1.06)
FT-A All-Share	1408.73	(+0.2%)
Nikkei	20,158.92	(–180.61)
New York lunchtime		
Dow Jones Ind Ave	3529.89	(+1.4)
S&P Composite	445.35	(–0.4)

US LUNCHTIME RATES

Federal Funds:	$3\frac{1}{8}$%
3-mo Treas Bills: Yld	3.084%
Long Bond	$107\frac{7}{16}$
Yield	6.55%

LONDON MONEY

3-mo Interbank	$6\frac{1}{16}$%	(6%)
Liffe long gilt future:	Sep $108\frac{23}{32}$	(Sep $108\frac{1}{32}$)

NORTH SEA OIL (Argus)

Brent 15-day (Sep)	$16.71	(16.66)

Gold

New York Comex (Aug)	$392.4	(392.9)
London	$395.0	(393.5)

STERLING

New York lunchtime:		
$	1.4990	
London:		
$	1.4985	(1.479)
DM	2.555	(2.55)
FFr	8.705	(8.7175)
SFr	2.245	(2.2425)
Y	162.5	(160)
£ Index	81.3	(80.8)

DOLLAR

New York lunchtime:		
DM	1.7037	
FFr	5.81215	
SFr	1.4962	
Y	108.515	
London:		
DM	1.7055	(1.7245)
FFr	5.81	(5.895)
SFr	1.498	(1.5155)
Y	108.45	(108.15)
$ Index	65.9	(66.4)

Tokyo close Y 107.65

Austria	Sch30	Germany	DM3.30	Malta	Lm0.60	S.Arabia	SR11
Bahrain	Din1.250	Greece	Dr300	Morocco	MDh13	Singapore	S$4.10
Belgium	BFr60	Hungary	Ft172	Neth	Fl 3.75	Slovak Rp	KSL45
Bulgaria	Lv25.00	Iceland	IKr215	Nigeria	Naira45	Slovenia	SLT220
Croatia	HRD5700	India	Rs40	Norway	NKr16.00	South Africa	R12.00
Cyprus	C£1.00	Israel	Shk5.90	Oman	OR1.50	Spain	Pta210
Czech Rp	Kcs45	Italy	L2700	Pakistan	Rs35	Sweden	SKr15
Denmark	DKr15	Jordan	JD1.50	Philippines	Pso45	Switz	SFr3.20
Egypt	E£4.50	Kuwait	Fils.600	Poland	Zl 22,000	Syria	S£50.00
Finland	FM12	Lebanon	US$1.25	Portugal	Es215	Tunisia	Din1.250
France	FFr8.00	Lux	LFr60	Qatar	QR12.00	Turkey	L8000
						UAE	Dh11.00

LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Opec calls emergency meeting after oil price turmoil

By Deborah Hargreaves in London

WORLD oil prices tumbled yesterday to their lowest level since the Gulf war in 1991 as prospects of an accord between the United Nations and Iraq for the sale of $1.6bn of oil looked brighter.

But the market recovered its ground later in the day after the Organisation of Petroleum Exporting Countries announced it would hold an emergency meeting on July 28.

Iraq's compliance with Mr Rolf Ekeus, the UN envoy, over the monitoring of two missile testing sites at the weekend, led market traders to expect an early outcome to parallel talks on the oil sale. Iraqi negotiators returned to Baghdad last week with a draft agreement on oil exports, but many details need to be finalised before deliveries can go ahead.

Mr Ekeus said yesterday that Iraq's agreement to long-term missile monitoring cleared one of the hurdles for a full lifting of sanctions, which would allow additional oil exports. This could herald the return of Iraq to the oil market beyond the one-off $1.6bn sale which is to pay for humanitarian aid.

Prices for North Sea Brent crude to be delivered in September closed in London at $16.71 a barrel after touching $15.98. The market was 5 cents higher than Friday's official close although prices had fallen further in after-hours trading last week. In New York, the August crude futures contract dropped 46 cents to a three-year low of $16.75 a barrel before bouncing back above $17.

Mr Joe Stanislaw, industry analyst at Cambridge Energy Research Associates in Boston, said: "It's the worst of all possible worlds for the oil market because of the lack of clarity over what is happening. That will lead to more price volatility over the coming days."

Opec members, which are extremely worried about the fall in oil prices and the possible return of Iraq to the export market, were galvanised into calling the emergency meeting in Vienna. Mr Jean Ping, Gabon's oil minister and current president of Opec, will embark on a tour of the Middle East on Wednesday to try to consult members on what action the organisation might take.

It will be difficult for Opec to plan any decisive action until the terms of an agreement on Iraqi oil sales – if there is one – become known. Opec nations will strongly resist giving up market share by cutting production.

Opec members are all currently producing more than their official ceiling and Kuwait refused to sign the latest accord, leaving it room to further boost its output. But the drop in prices has been caused more by fear of Iraq's return to a well-supplied market than over-production. The price will continue to react swiftly to headline news until the outcome of the oil talks becomes clear and Opec takes appropriate action.

Ms Irene Himona, energy analyst at Société Générale Strauss Turnbull, the London securities house, cautioned on the outcome of an inconclusive Opec meeting. "If the organisation emerges with a lack of credibility for the market, then prices could fall as far as $10 a barrel," she said.

UN ends deadlock, Page 3

UK's treaty timetable delayed by legal review

By Alison Smith and John Mason in London

BRITAIN'S timetable for ratifying the Maastricht treaty was yesterday thrown into doubt after the government said it would have to await the outcome of a legal challenge by campaigners opposed to closer European monetary and political union.

The decision, announced at the High Court in London, means ratification of the treaty will be delayed until the autumn. Opposing camps at Westminster, meanwhile, yesterday stepped up their preparations for Thursday's critical House of Commons debate on the social chapter.

As Eurosceptics in the ruling Conservative party met privately to lay their plans, they expressed confidence that they would be able to defeat the government and put a further obstacle in the way of ratification.

But in an atmosphere of intrigue and bluff, the possibility of a government deal with Ulster Unionist MPs was raised as it was announced that Sir Patrick Mayhew, the Northern Ireland secretary, would meet unionist MPs late on Thursday afternoon.

The Ulster Unionists, who oppose an end to British rule in Northern Ireland, could use the threat of voting against the government on Maastricht to win concessions over policy in the province.

With all sides agreeing that the votes of the minor parties are set to determine the result of the debate, there was a further glimmer of light for the government with a split opening up among the centrist Liberal Democrats over their voting tactics.

PAGE 5
- Third party split may save Major from defeat
- Editorial Comment · Page 11

Although Mr John Major, the prime minister, has made it clear that he does not regard it as a confidence issue, a defeat would undermine his already-battered authority.

Yesterday even loyalists who said they believed the government would win admitted that they did not see how on paper a defeat could be avoided.

If all the opposition parties vote together, 10 Conservatives joining them would be enough to overturn the government's 18-strong overall majority.

The Eurosceptics were encouraged by the decision of two High Court judges to allow Lord Rees-Mogg, a leading critic of the prime minister, to apply for a judicial review of the government's planned ratification of the treaty. At the review, which will begin next Monday, Lord Rees-Mogg will seek a court order preventing the ratification of the treaty in its present form.

The government made no attempt to block Lord Rees-Mogg's move yesterday, saying it wanted no obstacles in the way of the application. Lawyers for the foreign secretary, Mr Douglas Hurd, went on to say the government had no intention of ratifying the treaty before the end

Continued on Page 14

Clarke says deregulation and freer trade will help create jobs

UK seeks German support on EC labour

By Peter Norman, Economics Editor, in London

MR KENNETH CLARKE, the chancellor of the exchequer, last night sought to win Germany as an ally for the UK government's policy of freer trade and deregulating European labour markets to reduce unemployment.

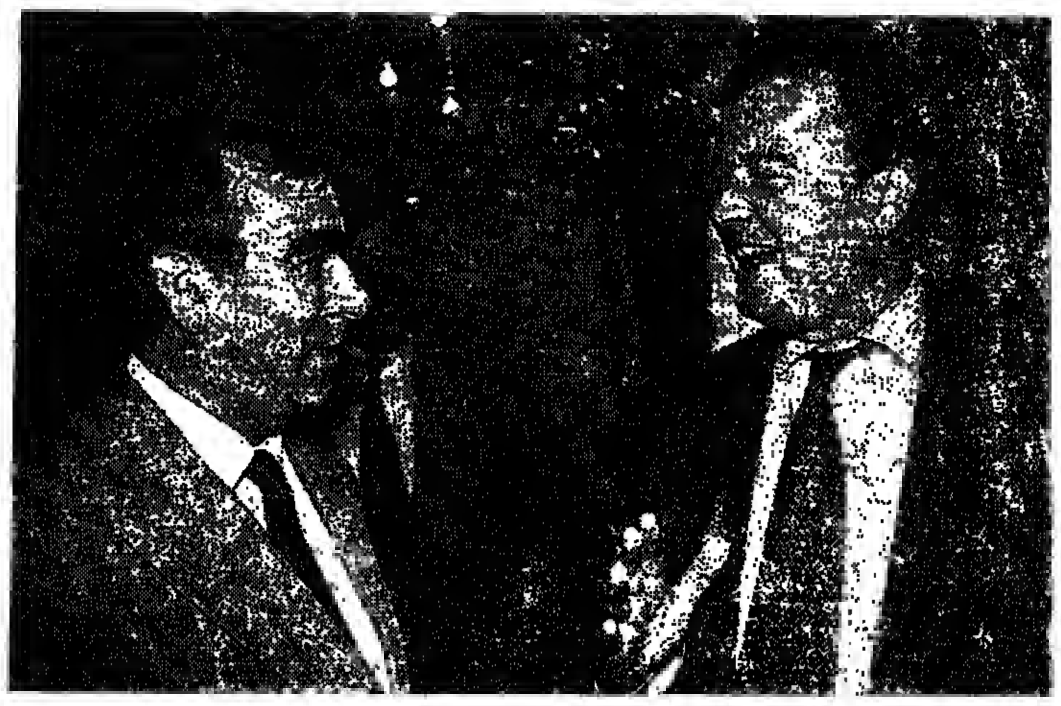
The European Community, he told an audience in Munich, could "either compete or retreat". Ruling out retreat into a "fortress Europe", Mr Clarke stressed the need for the EC to become more competitive rather than try to preserve its high labour costs behind a protectionist wall.

"Every regulation that adds costs, loses jobs," he told the Deutsch-Englische Gesellschaft (Anglo-German Society).

Underlining the government's opposition to the social chapter of the Maastricht treaty, he said the UK would "continue to fight hard against the legal imposition on all enterprises, big and small, of shorter working weeks, statutory paternity leave, higher social security benefits, regulated pay bargaining systems, the forced introduction of new technology and so on".

Speaking just three days ahead of Thursday's crucial House of Commons vote on the treaty's social chapter, Mr Clarke said the chapter "would impose unnecessary extra costs on business and act as a barrier to employment". Defending the UK's social provision "as one of the best all-round systems of welfare in Europe", he said Britain "had no intention of going back to an era of sweatshops and poverty labour".

Mr Clarke's visit to Germany, less than two months after he became chancellor, was a clear demonstration that he sets greater store on close ties with Britain's European Community partners than his predecessor, Mr Norman Lamont.



Reuter

German finance minister Theo Waigel (left) greets Kenneth Clarke, British chancellor of the exchequer, at the start of their talks in Munich. Mr Clarke also met Bundesbank officials and business leaders

But his trip, which included meetings with Mr Theo Waigel, the German finance minister, Mr Hans Tietmeyer, the Bundesbank president-designate, and business leaders, had a strategic purpose. Building on UK initiatives at last month's EC summit in Copenhagen and the Group of Seven summit in Tokyo two weeks ago, Mr Clarke was seeking German backing for a campaign to move EC policy in the direction of labour market reform and deregulation and freer trade.

"Labour markets are the crux of Europe's economic woes. Over-rigid, over-regulated and over-priced," Mr Clarke said. "The first step must be for EC governments to look at the whole range of extra costs we force on businesses by excessive regulation," he declared.

European unemployment had grown "inexorably," he said. The 17m unemployed in the EC were "the best measure of two decades of European economic decline".

Mr Clarke said it was a measure of Europe's loss of self-confidence that emerging economies such as China and Latin America were regarded as a threat.

The way forward for Europe, he said, was "to compete, to look outwards, open our markets further, train our labour force better and believe that we can take the share of opportunities which the widening of economic prosperity presents".

Earlier at a press briefing in Frankfurt, Mr Clarke said Britain would not automatically follow any German interest rate cut and was still supporting London against Frankfurt as the home for the planned European Monetary Institute.

In a BBC radio interview, Mr Clarke said he and his "German friends" agreed the Maastricht timetable for economic and monetary union, which envisages Emu by 1999 at the latest, was "fairly nonsensical". He said: "Nobody believes we're going to stick to that timetable."

Clarke wins hearts of German industrialists, Page 2

Boots withdraws heart drug after two-year clinical trial

By Tony Jackson in London

BOOTS, the UK drugs retailer and manufacturer, yesterday withdrew its controversial heart drug Manoplax from the market, dealing a serious blow to its ambitions in the world pharmaceutical market.

A two-year study has shown that patients taking light doses of the drug were more likely to be readmitted to hospital than those using a placebo. Earlier this year, the same study had found that heavy dosages caused more deaths. The heavy dosage was then withdrawn in the UK, but not in the US, the only other market in which the drug had obtained clearance.

The company had since given up attempts to obtain registration elsewhere in the world.

The clinical trials leading to yesterday's decision involved 3,000 patients in North America and Scandinavia between July 1991 and April of this year. In April, it was established that patients taking the heavier 100mg dose for congestive heart failure were more likely to die than those taking an active placebo. Last week, Boots found that further scrutiny of the same data showed patients on the lighter 75mg dose being readmitted to hospital in larger numbers.

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The company had previously held out high hopes for the drug, which cost an estimated £100m ($150m) to develop. However, analysts had come to regard these claims with scepticism because of delays and rising costs. The move leaves Boots without any patented drugs on the market. The last drug of its own invention to be launched in the UK was the anti-arthritis drug Froben in 1977.

Boots said the move would cost it £35m in stock write-offs and "provisions against manufacturing facilities". Job losses could not be ruled out.

Boots said it did not expect any litigation as a result of the study's findings. "We have behaved in the usual ethical way", the company said. "This is an unfortunate outcome of an additional clinical trial we chose to undertake."

The company said it would save on marketing expenses for the drug, which last year cost £20m, and on research and development. The net effect would be a slight increase in profits and cash flow. Its shares rose 13p to 435p. Analysts said this was partly because of hopes that the company would sell off its drug division, widely seen as too small to be viable. The company denied any such plans yesterday.

CONTENTS

NEWS: EUROPE

Belgian minister sent to issue warning

EC threatens trade curbs on Croatia

By Lionel Barber in Brussels

THE European Community will this week threaten Croatia with trade sanctions unless it halts aggression in Bosnia, EC foreign ministers agreed yesterday. Mr Willy Claes, Belgian foreign minister, will deliver the warning during a trip to former Yugoslavia, where he is also due to meet the Serb and Bosnian Moslem leaders.

Mr Claes' mission follows weekend talks in Geneva aimed at persuading Bosnia's Moslems to accept a UN-EC brokered plan to turn Bosnia into a confederation of three republics.

During a meeting in Brussels yesterday, divisions emerged over how tough a policy to adopt toward Croatia. The UK and France were ready to withdraw existing EC trade privileges, but Germany warned that this could trigger an exodus among the 750,000 refugees in Croatia.

Mr Claes will visit former Yugoslavia on behalf of the Belgian presidency of the EC. He will urge the Bosnian Moslems to take part in the UN-EC negotiations, while warning President Slobodan Milosevic of Serbia that a political settlement must be acceptable to all parties, including a "viable Moslem entity" in Bosnia.

The Belgian foreign minister will not travel as part of the EC "troika" of past, present and future presidencies. The inclusion of Greece, which take over the EC presidency in January, might have proved controversial because of the Athens government's close ties to Serbia.

Diplomats said yesterday this was a further sign of the difficulties of reaching a common EC foreign and security policy as envisaged under the Maastricht treaty.

Mr Douglas Hurd, UK foreign secretary, urged member states to intensify the humanitarian aid effort to head off a potential disaster this winter.

The Community had provided 68 per cent of the emergency aid to former Yugoslavia, with the UK having stumped up $68m plus an additional $27m at last week's UN conference in Geneva. Mr Hurd insisted that aid was flowing to the besieged Moslem populations and raised hopes that the UN may be able to muster the minimum 7,500 troops required to defend the six designated "safe havens."

Laura Silber adds from Belgrade: Mr Vitaly Churkin, the Russian peace envoy, yesterday met Serbian President Slobodan Milosevic in Belgrade. He urged the leaders of all sides to stop the fighting in Bosnia so that top-level talks could take place in Geneva.

While the Russian envoy described as "positive" his meeting with Mr Milosevic, he conceded that they had a "difficult" discussion on Serbia's decision to expel the mission of the Conference for Security and Co-operation in Europe. Mr Milosevic so far has refused to extend the mandate for the international monitors of human and minority rights in Serbia.

Picture: Reuter

The new pontoon bridge across the Maslenica channel near the port of Zadar. The old bridge was destroyed in fighting two years ago

Serb offensive steps up the pressure on Izetbegovic

By Laura Silber in Belgrade

SERB forces yesterday resumed their offensive on Mount Igman, a key point in the defence of Sarajevo, stepping up pressure on Bosnia's President Alija Izetbegovic to attend peace talks on the republic's ethnic partition.

Sarajevo radio reported heavy fighting after Serbs launched a three-pronged attack on the hill, which dominates and protects Bosnia's capital from the south.

The mainly Moslem Bosnian forces held their positions despite an overnight armoured Serb assault, according to an army statement. Belgrade radio confirmed the clashes around Igman but claimed Moslems had shelled Ilidza, a Serb-held suburb, prompting the Serbian counter-attack.

The string of defeats around Sarajevo apparently led the Bosnian presidency to sack Mr Mustafa Hajrulajovic, commander of the first army corps.

United Nations observers were denied access to Igman by Serb forces on the grounds that it was too dangerous for non-combatants.

Relief workers were worried about the possible influx of 30,000 refugees from the Igman area if the onslaught continues. "This could be a staggering and extremely tragic event because there is no spare capacity for people to be housed in Sarajevo," said Mr Peter Kessler, of the UN High Commissioner for Refugees.

UN workers rescued 230 severely retarded children in hospital in Fojnica, 30 miles west of Sarajevo. Relief workers last night were trying to negotiate the passage of an emergency food convoy to the handicapped children, who had not been fed in three days. They discovered five babies in critical condition who, along with the children, had been abandoned when the town fell last week to Moslem forces, reported Sarajevo radio.

The radio said Serb forces continued to shell Maglaj and Zavidovici, north central Bosnia. It said Gorazde, a UN proclaimed "safe area", also came under attack but there was no independent confirmation.

German court's ruling allays asylum law fears

By Ariane Genillard in Bonn

GERMANY'S faderal constitutional court last night dismissed an appeal by an asylum-seeker from Chana facing deportation, allaying fears that legal appeals would be systematically used to circumvent Germany's tough new asylum law.

German officials were worried that asylum-seekers whose applications have been denied by the government would use the court system to avoid deportation. Under the new law asylum-seekers arriving at German airports directly from their countries of origin can be deported within three days if the Federal Office for Refugees rejects their claims.

They can appeal to local administrative courts within two days, with the court required to rule on the case within two weeks. A final appeal to the constitutional court is then possible.

Fears that appeals would be used to undermine the screening system and burden the German legal system arose last Friday after the constitutional court, in its first ruling since the new asylum law came into effect on July 1, granted an Indian asylum-seeker the right to stay pending a second hearing next month.

The man, who said he faced persecution by Kashmiri police, was due to be deported after arriving at Frankfurt airport. But the court ruled that his case needed further examination.

Asylum-seekers arriving from "safe third countries" which include all bordering countries, can be sent back to those countries without a hearing.

According to the federal interior ministry, the new law has led to a redнction in the number of asylum applicants.

Treuhand grants potash mine reprieve

By Judy Dempsey in Berlin

THE Treuhand, the agency charged with restructuring and privetising eastern German industry, has reversed its decision to close a loss-making potash mine, in a move to ensure its radical plan to merge western and eastern Germany's potash sector is implemented.

The decision to give a reprieve to 700 jobs at the Bischofferoder mine in the state of Thuringia follows a two-week hunger strike by 47 employees. Five hunger strikers have been admitted to hospital.

The Treuhand and the state government propose that the mine should stay open temporarily to save jobs until 1995.

The Trenhand originally envisaged closing Bischofferoder as part of a package to merge Kali + Salz, a BASF subsidiary, with Mitteldeutschen Kali, the east German producer. With the merger, the Treuhand aimed to save the remaining five eastern German mines, and reduce capacity in an industry plagued by overcapacity. Last year, 35m tonnes were produced worldwide but less than 25m tonnes sold. Before 1989, eastern Germany'e potash mines were producing more than 3m tonnes a year with a workforce of 33,000, compared to western Germany's annual prodnction of 2.4m with 11,000 employees.

As part of its merger plan, the Treuhand has already made two unprecedented moves. Firstly, it proposed that the western Germany potash sector should share the burden in reducing the workforce. The number of jobs at Kali + Salz will be reduced by 1,744 to 4,488, and at Mitteldeutschen Kali by 1,884 to 3,012.

Secondly, the Treuhand has taken e 49 per cent stake, worth DM1bn ($588m), in the merger, with an option to sell its share after five years.

Mr Helmut Ballon, the Treuhand's director of mining and non-metallic minerals, has said: "We had to think of reducing capacity. We decided on a radical approach which would not only save jobs, but perhaps give a new lease of life to Germany's potash industry."

The merger followed 48 unsuccessful attempts to seek foreign partners for the east German industry. It will need European Community approval because it will create a virtual monopoly. A Treuhand official yesterday expected the Commission would rule in favour of the merger, since total German capacity would be reduced to an annual 3.1m tonnes.

Clarke's diplomacy wins bankers' hearts

By David Waller in Frankfurt

IF Mr Norman Lamont conducted his dialogue with the German financial and industrial establishment via unfriendly newspaper beadlines, his successor as Chancellor of the Exchequer is trying a more intimate approach.

On Sunday night, Mr Kenneth Clarke dined at tha Schloss Hotel, Kronberg, an imposing gothic palace built in the hills outside Frankfurt by a daughter of Queen Victoria. Amid memorabilia celebrating ties between the English and German royal families, Mr Clarke sought to bolster present-day relations between the two countries, hosting a dinner for 11 of Germany's top bankers and industrialists.

Yesterday morning, be found himself in the congenial surroundings of the Frankfurter Club, an elegant, wood-panelled mansion built in 1896 which bouses an institution deliberately modelled on English gentlemen's clubs of yore. There he talked to 14 journalists, before driving round to the twin towers of the Deutsche Bank, where be met Mr Hilmar Kopper – the bank's chief executive – and three other board members.

After that it was off to lunch at the Bundesbank, where officials report that he spent a good 20 minutes in private conversation with Mr Hans Tietmeyer, soon to replace Mr Helmut Schlesinger as president of the German central bank.

After the rumpus over sterling's exit from the exchange rate mechanism last autumn, Mr Clarke's visit to Frankfurt – and later to Munich – was viewed by German businessmen as e welcome attempt to poor oil on unnecessarily troubled waters. Mr Lamont had been happy to blame the rumpus on loose words from Mr Schlesinger in an "unauthorised" interview with the Handelsblatt newspaper which set off what UK politicians claimed was a "whispering campaign" against sterling.

One banker described Mr Clarke's visit as a "a very intelligent diplomatic move". Others said they were impressed by the direct way Mr Clarke answered questions.

Delors in talks on regional aid crisis

By Lionel Barber

MR JACQUES Delors, president of the European Commission, was last night summoned to attend ministerial talks aimed at resolving a fresh crisis over the new EC structural funds budget.

The Belgian presidency of the EC issued the call after deep divisions emerged over the apportionment of Ecu141.5bn ($159.9bn) of structural funds among the 12 member states over the next six years.

Several member states, including the UK, joined Ireland in objecting to their share of the funds which amounts to the largest-ever aid package to run-down regions in the EC.

Mr Delors intervened a fortnight ago in an effort to mollify Ireland which has been holding out for Ecu8bn. But he is understood to have upset member states and Mr Bruce Millan, EC commissioner responsible for the regional aid budget, by putting forward a specific offer of Ecu7.5bn.

This offer has triggered an avalanche of counter-claims from other member states. Senior EC officials warned at the weekend that these claims could not be met within the existing Ecu141.5bn budget. "It is quite wrong to single out Ireland as the problem. The problem runs deeper."

Mr Millan is understood to heve made an offer of Ecu6.5bn to Ireland, a sum which Irish officials dismissed as unrealistic. Mr Albert Reynolds, Irish prime minister, claims to have received a guarantee of Ecu8bn during the EC summit in Edinburgh last December.

Earlier this month, EC foreign ministers met until 4am to reach an outline deal on the structural fnnds, albeit with an Irisb reservation. The urgency displayed last night reflects fears that, without an agreement before the summer break, the structural funds for 1994-99 may not be disbursed in the New Year on time.

Rules on voting to be eased

By Lionel Barber

EC FOREIGN ministers yesterday agreed to draw up rules to allow foreign EC nationals to vote in next June's European parliament elections in the country where they live.

The flexible voting system would comply with the Maastricht treaty's concept of European citizenship. This would expand voting rights to EC citizens in European parliamentary and local elections, provided they register in time.

The chief difficulty is how to avoid frandulent voting or dual candidacies, and how to ensure a common rules system without big changes in national legislation.

Ministers agreed to try to introduce rules which would not require primary legislation. Several states argued that the introduction of primary legislation would make it virtually impossible to amend the law in time for next year's election.

One option is to introduce a "light" directive amending national election laws this year, with comprehensive legislation due to be agreed after 1994. Legislation expanding the right of European citizens to vote in foreign member states remains dependent on final ratification of the Maastricht treaty.

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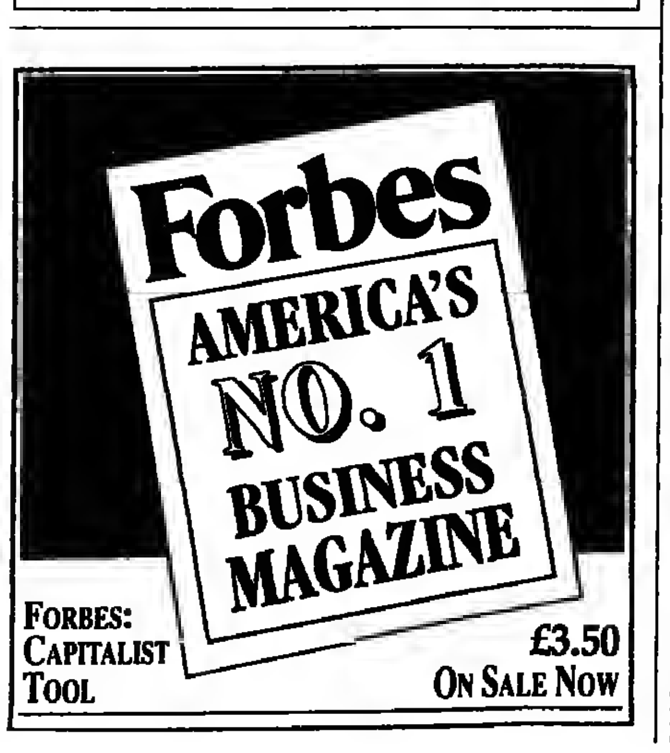

Italian judges seek arrest of ex-minister

By Robert Graham in Rome

MAGISTRATES in Naples yesterday requested anthority from the justice minister and parliament to arrest Mr Francesco De Lorenzo, the former health minister, on charges of forming e criminal association, illicit financing of political parties and false billing.

The 800-page document sent to parliament, where Mr De Lorenzo enjoys immunity as e Liberal deputy, cited 35 separate incidents of corruption thet allegedly produced L4.15bn (£1.73m) in kickbacks. This is one of the most damning series of accusations to be levelled against a politician since the scandals broke.

Among those levelling accusations against Mr De Lorenzo for abusing the L100,000bn annual health budget are his former privete secretary, Mr Gianni Marone, now co-operating with the authorities, and 13 pharmaceutical companies. The latter include three multinationals, Ciba-Geigy, Lepetit, and Smith Kline Beecham.

The magistrates allege Mr De Lorenzo orchestrated an operation in conjunction with senior officials that took bribes for placing pharmaceuticals on the ministry's list of approved drugs and establishing their pricing. His arrest was necessary to prevent interference with the investigation, the magistrates said.

In another development yesterday, Rome magistrates arrested Mr Antonio Galati, the edministrative bead of Sisde, the domestic intelligence service. The magistrates are investigating tbe misappropriation of L14bn of the organisation'e funds.

Sicily shows way to clean-up

Haig Simonian reports on a new law designed to get the influence of the Mafia out of local public-works planning and construction

WHEN US troops stormed Sicilian beaches at Gela in July 1943, the small town they captured was one of thousands of island communities mired in poverty and decimated by emigration.

Half a century later, Gela, its population now awollen to 80,000, is suffering a different, but equally chronic, ill: organised crime. Public services are a shambles; the council, suspected of collusion with tbe Mafia, has been replaced by a special administrator from Rome; and illegal building has buried ancient Greek remains under a mountain of concrete.

Much of the damage has been done by poorly planned and badly execnted public-works projects, their construction often influenced by Mafia-dominated organised crime. Needless roads, derelict houses and unfinished public buildings testify to the Mafia's infiltration of the building industry. To make matters worse, the work is seldom done well.

The Mafia, leaning mostly on small and medium-sized construction companies, has traditionally demanded protection money, putting builders indirectly under mob influence. Increasingly, however, criminal organisations have also been creating their own companies to tap the lucrative construction market directly.

Mrs Alice Grassi, widow of a Palermo businessman murdered for refusing to pay protection money, recalls the gradual escalation of pressure through telephone warnings and dead animals outside the factory gates to persuade her husband to bend. Unlike Mr Grassi, many businessman eventually give way, paying bribes in a slow process that sometimes ands with ceding control of their companies to their new "partners".

Earlier this year, a new Sicilian law intended to clean up public-sector construction contracts and loosen the Mafia's grip on building took effect. With construction in mainland Italy now in turmoil because of the political corruption scandal, some Sicilians think their new rules could be a model for the rest of the country.

"We had two aims," says Mr Franco Magro, a Republican politician who became tbe island's public works minister after regional elections in 1992. "To reduce the number of people who could award contracts, and to remove politicians from managing public works".

The new law has replaced the 1,400 bodies allowed to initiate building projects with one office for each of the island's nine provinces.

Concentrating responsibility in far fawer hande has removed the powers of local authorities, which might have been under Mafia control, and made tendering mucb more transparent. "Anyone who wants information about new contracts now knows just wbere to go. Previously, responsibilities were often duplicated and it was very difficult to find out who was in charge," says Mr Magro.

The stress on information should also help local authorities set budget priorities more clearly. Even when not influenced by organised crime, preliminary plans for new projects were often extremely vague.

> Given the political corruption scandal throughout the mainland, some Sicilians see their new rules as a model

Often, the vaguenass was deliberate, says Mr Magro. "It was in the interest of politicians and builders to keep the plans unclear. Once a tender had been accepted, variations didn't require a new round of bidding. As the project grew, so did the kickbacks to politicians."

The new Sicilian law demands much greater detail about a project and forbids variations once approved. "Public authorities must now explain why a contract is necessary and how it fits in with other schemes."

In addition they must declare from the start how much it will cost and how long it will take. While that might sound elementary, such rules were seldom observed in the past.

Mr Magro admits there has been resistance to the new law, notably from civil servants who have lost their powers of patronage. Some builders have also complained about edditional bureaucracy.

Any company wanting to compete for public contracts must obtain e certificate from the local prefect verifying it is not linked to the Mafia. This involves checking police files and official data for any trace of a link.

Critics say certification requirements, which have been operating for a decade, have not loosened the Mafia's grip on construction. "The problem was that not enough was done in the past," responds Mr Magro. "The Mafia always tries to use honest citizens as front men. The controls will be even tighter now."

Mr Magro admits that centralising construction contracts will put those running the system at great personal risk. The provincial offices are also obvious targets for Mafia infiltration.

The collusion of politicians with organised crime has been the main barrier to good government and efficient services in Sicily for decades, says Mr Magro. Many politicians have either been linked to the mob or have closed a blind eye to line their own pockets.

But by "depersonalising" the contract process and appointing reputable public servants such as retired judges and prefects to supervise it the residents of Gela, and hundreds of towns like it, hope that the new system will remain above board.

Beijing sure of cooling economy

By Lynne O'Donnell in Beijing

CHINA'S State Statistical Bureau said yesterday the economy grew in the first half by an annual rate of 13.9 per cent, more than a full percentage point higher than tha 12.8 per cent recorded for all of 1992.

Mr Zhang Zhongji, a bureau spokeaman, navertheless remained convinced that policies introduced in recent weeks aimed st cutting soaring inflation and cooling the red-hot economy would keep growth down to 12 per cent for the whole year.

"As long as every region and every department fully implements the policies set by the central government, we will be able to overcome the problems that crop up in the course of development," Mr Zhang said.

The government's inability to control inflation led to the appointment earlier this month of Mr Zhu Rongji, senior vice-premier, to the governorship of the Bank of China, the central bank.

Inflation is now year-on-year 14 per cent nationally, and 21.6 per cent in 35 big cities.

Chinesa people are not known for their tolerance of rapidly rising prices and in 1988 were spurred by rampant inflation into s panic buying spree that was followed by the anti-government damonstrations eventually put down by the army on June 4 the following year.

Since taking on the extra workload on July 2, Mr Zhu has increased interest rates to encourage companies to repatriate hard currency and to attract bank deposits.

He has poured tens of millions of dollars into the money market to stabilise the yuan, and has blocked speculative loans.

Yesterday's figurea show that money aupply is atill growing at an annual 50 per cent. Investment in fixed assets grew at an annual rate of 61 per cent – accounting for the construction fever that has turned cities into quagmires.

Bnt the growth is patchy, reflecting the inordinate amount of investment tbat goes to the relativaly well developed coastal regions, leaving China's centre with conditions comparable to the poverty and feudalism of the 1920s.

Inflation is now year-on-year 14 per cent nationally, and 21.6 per cent in 35 big cities

Mr Zhang's call for all areas of the country to follow the new belt-tightening policies no doubt has its roots in a breakdown of the figures his bureau released yesterday.

The sonthern and eastern regions – led by Guangdong province bordering Hong Kong and Shanghai on the eastern seaboard – attracted an annualised 81.2 per cent more investment from state-owned enterprises. This is almost 30 per cent more than the money that went to the country's centre and west.

While retail sales grew nationally by 21.6 per cent year-on-year, two-thirds of that can be attributed to 10 areas in the south and east.

UN ends deadlock on Iraqi weapon sites

By Mark Nicholson in Cairo

MR ROLF EKEUS, the United Nations envoy, yesterday succeeded in defusing a confrontation with Iraq over the monitoring of two missile testing sites and said Iraq had agreed to consider long-term UN monitoring of its weapons programmes – a key condition for the lifting of economic sanctions.

Mr Ekeus, head of the UN special commission on Iraq's weapons of mass destruction, said he had reached a "satisfactory" interim solution to monitoring the missile sites – lifting the threat of a UN-backed military strike against the two complexes. "I don't see any crisis after these talks," he said after a two-hour meeting with Mr Tariq Aziz, Iraq's deputy prime minister.

Mr Ekeus said his discussions with Iraqi officials over the past five days had broken the "vicious circle" of UN inspections and Iraqi obstruction which has provoked a string of tense confrontations since the Gulf war.

He also said that the resulting improvement in relations between the UN and Iraq could ease agreement in separate negotiations on a limited exemption to the embargo on Iraqi oil sales. The talks were suspended last week in New York as Iraqi officials returned to Baghdad with a draft agreement for the prospective $1.6bn (£1.06bn) oil sale, with diplomats in New York saying an accord appeared close.

UN envoy Rolf Ekeus, right, passes a portrait of Saddam Hussein after the accord with Iraqi officials yesterday AP

Mr Ekeus gave no details of the compromise reached on the monitoring of the two missile test sites, but said he was confident it would be approved by the UN Security Council, to which be will report on his return to New York.

His mission to Baghdad was prompted by Iraq's refusal to allow UN inspectors to install video cameras at the sites or to seal monitoring equipmant there – part of long-term monitoring of Iraq's weapons programmes mandated under UN resolution 715. Washington had warned of possible military action if Iraq refused to comply with UN inspectors.

But potentially more significant is Iraq's apparent concession over long-term monitoring of conventional, chemical, biological and nuclear weapons programmes banned by Gulf war ceasefire resolutions. "Iraq has stated that they are ready to comply with plans for future monitoring and verification adopted under resolution 715," Mr Ekeus said.

Iraq has fiercely resisted UN resolution 715 and said it would allow long-term monitoring only after the UN had lifted its economic embargo. But Mr Ekeus said Iraq "no longer insists" on a prior lifting of the embargo.

He said that Iraq had presented a position paper on long-term monitoring which contained "positive elements" which would be discussed in "high-level technical talks" likely to convene in New York in August or September. However, ha added that there remained "a large number of outstanding issues".

UN diplomats in New York expressed caution over Iraq's apparent acceptance of resolution 715, but said that if Iraq was serious it could be a "curtain-raiser" to the easing of sanctions. "Agreement in itself won't trigger a lifting of the embargo, tbey will have to implement that agreement," said one.

Moreover, compliance with 715 is only one of a series of conditions Iraq would have to meet to fulfil all the Gulf war ceasefire resolutions. The British, US and French UN ambassadors yesterday presented a list of outstanding areas of non-compliance to the Security Council.

These included Iraq's failure to accept the new boundary with Kuwait, failure to disclose an exhaustive list of its weapons suppliers, s lack of information about Kuwaiti detainees and continued buman rights abuses.

Bhutto calls for elections untainted by drug money

THE PAKISTANI opposition leader, Ms Benazir Bhutto, yesterday appealed to the new caretaker government to stop drug money being used to buy votes in mid-term elections set for October, Renter reports from Islamabad.

"We don't want dirty money, drug money, smuggled money to taint the political life of Pakistan," she told a news conference hours after the country's two top leaders resigned to pave the way for fresh elections.

President Ghulam Ishaq Khan stepped down and the prime minister, Mr Nawaz Sharif, dissolved parliament on Sunday in a deal negotiated by the army to end a feud between them that had paralysed government for six months. The caretaker prime minister, Mr Moeen Qureshi, a former World Bank vice-president, met the acting president and former senate chairman, Mr Wasim Sajjsd, to discuss forming a cabinet to govern in the run-up to elections on October 6.

Shares on the Pakistani stock exchange closed higher in brisk trade after the appointment of Mr Qureshi.

Ms Bhutto said she met Mr Sajjad yesterday to discuss her demands for electoral reforms and requested a meeting with Mr Qureshi. "We need confidence-building steps to develop a process not tainted with drugs money," Ms Bhutto said.

In 1990 Mr Qureshi visited Pakistan in his capacity as World Bank vice-president and issued a scathing attack on the nation's economic problems.

He voiced dismay at the prevalence of drugs, bribery and corruption.

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Japan money supply grows

By Emiko Terazono in Tokyo

JAPAN'S money supply grew in June for the third consecutive month, in spite of continued sluggish economic activity in the private sector.

The Bank of Japan said yesterday the 1.4 per cent year-on-year growth of M2, plus certificates of deposit, the key money anpply aggregate, reflected continuing payments for pnblic works.

Economists expect further steady growth of money supply to support the economy in the coming months.

During the campaigning for Sunday's general election most parties, inclnding the dominant Liberal Democratic party, tried to arouse public support by calling for income tax cuts.

This campaign move suggested that there may be more fiscal measures to stimulate money snpply grnwth after a new government is formed.

The Bank of Japan said that the June increase in money supply was marginally lower than the 1.5 per cent recorded in May. This was because funds were shifted to investment instruments not included in the key aggregate, the bank said.

M1 grew by 2.9 per cent last month, while M3, or broad liquidity, grew by 3.1 per cent, slightly higher than May's 2.9 per cent.

NEWS IN BRIEF

Remand in India shares scandal

MR Niranjan Shah, the Indian businessman extradited from the United Arab Emirates for his alleged role in s $1.28bn securities scandal, was remanded in custody by a special court yesterday, Renter reports from Bombay.

India's federal police, the Central Bureau of Investigation, said in its remand application that Mr Shah had belped Mr Harshad Mebta, a stock broker, to transfer money out of India in violation of foreign exchange laws. Mr Mebta is the key figure in the scandal in which bank funds meant for buying government securities were illegally diverted to the Bombay stock market. The scandal embroiled Mr P V Narasimha Rao, the prime minister, after Mr Mehta alleged that he paid him 10m rupees ($320,000) as a campaign donation. Mr Rao has denied the allegation.

Nigeria bans challenges over poll

Nigeria's military government issued a decree yesterday barring all courts from bearing cases related to last month's annulment of the country's first presidential election in a decade, Renter reports from Lagos.

The government also issued new laws which repeal aspects of Nigeria's promised return to civilian rule. Lawyers said the new decrees were likely to put a stop to all legal challenges to the annulment.

The Supreme Court adjourned until today its bearing of a suit seeking to reverse the poll's cancellation after lawyers for the government questioned its competence to hear the case.

South African gunmen kill six

South African police said six people were killed by gunmen with AK-47 rifles who stopped a mini-bus east of Johannesburg yesterday and ordered the occupants to state their political affiliations, Reuter reports from Jobannesburg.

A seventh man was seriously wounded. All the victims were said to be members of the Zulu-based Inkatha Freedom Party.

Maids repatriated from Kuwait

About 20 indian domestic workers alleging misconduct by employers flew bome two weeks ago under a Kuwaiti-funded repatriation programme, the embassy said yesterday, Reuter reports from Knwait. The women had been living at an embassy refuge for several months. Their return home coincided with the repatriation of about 400 Filipino maids who had also accused employers of abuse. The embassy said the main allegations by the Indian maids were non-payment of wages and excessive work.

China renews Taiwan link

CHINA has invited an official from Taiwan to visit the mainland, the first such contact since the ideological archrivals held historic talks in Singapore in April, Reuter reports from Beijing.

China's quasi-official Association for Relations Across the Taiwan Straits extended the invitation to Mr Cheyne Chiu, secretary general of Taiwan's Straits Exchange Foundation, the official Xinhua news agency reported yesterday.

Both organisations were set up as ostensibly unofficial bodies to explore and foster bilateral contacts. The letter asked the Taiwan side to propose dates and an agenda for Mr Chiu's visit, Xinhua said.

Mr Chin visited Beijing early this year to arrange the Singapore meeting between Mr Wang Daohan, chairman of the Chinese body, and Mr Koo Chen-fu, his Taiwanese counterpart. The talks marked the first direct contact between the Cold War rivals since Chiang Kai-shek and his vanquished Nationalists fled to Taiwan at the close of the Chinese civil war in 1949.

Beijing and Taipei espouse eventual reunification of Taiwan and China, a goal that is opposed by Taiwan's growing opposition party, the Democratic Progressive Party.

Cross-straits relations have warmed in recent years as the rivals have become economically interdependent.

In Taipei, officials said the government was studying conditions under which it could exchange representative offices with China, but added that such a breakthrough in relations is unlikely soon.

Tajikistan PM accuses Kabul on border attacks

MR Abdulmalik Abdulajanov, Tajikistan's prime minister, yesterday accused the leadership of neighbouring Afghanistan of being behind last week's bloody attack by Tajik opposition fighters on Russian border guards, Reuter reports from Moscow.

He said commanders of the Afghan army's 55th division had taken part in the attack on July 13, adding: "One can hardly imagine that Kabul knew nothing about it."

His charges went much further than anything yet said by the Russian government which, while angered by the attack in which it lost 25 border guards, has avoided linking it to the Kabul leadership.

They seemed likely to increase tension between Moscow and Kabul, which has accused Russian forces of killing up to 360 civilians in punitive raids on Afghan border areas last weekend.

The Afghan leadership is appealing to the United Nations to halt the deployment of extra Russian forces along the border.

It has also asked for emergency aid for the victims of what it called cruel artillery attacks.

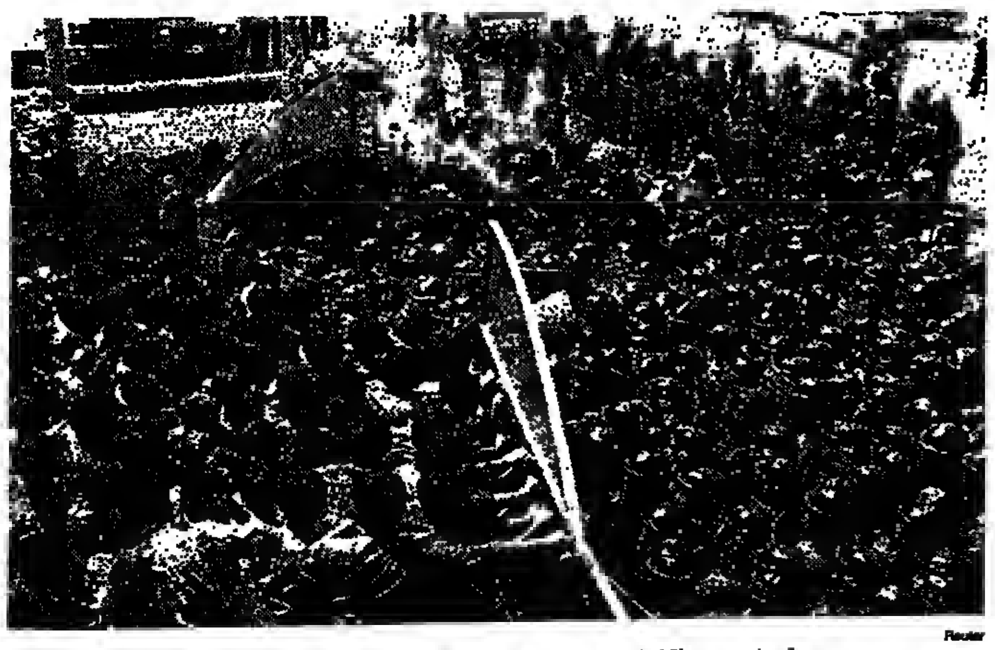
The attack by Tajik rebels from Afghan territory on a border post, manned jointly by Russian and Tajik servicemen, led to a battle in which the 25 guards and more than 100 civilians were killed.

Russia has sent extra troops to the Tajik-Afghan border area, which it is helping to protect under an accord last year, and has vowed to strike back.

This has prompted indignant protests from Afghanistan where memories of the Soviet Union's decade-long military intervention are still fresh.

Mr Abdulajanov dismissed Afghanistan's reports of retaliatory sttacks by the Russians.

A Russian defence ministry spokesman also denied the attack. But one member of a Russian parliamentary commission sent to investigate last week's fighting said local forces had shelled rebel positions in Afghanistan.



Hundreds of unionists confront riot police outside a Hyundai subsidiary yesterday Reuter

South Korea government may intervene at Hyundai

THE South Korean government said it would intervene directly in the labour dispute at Hyundai, the country's biggest conglomerate, unless a settlement is reached today, writes John Burton in Seoul.

The 45 days of industrial action, mostly consisting of partial walkouts, at 10 Hyundai companies, including its main motor vehicle and shipbuilding units, have resulted in production losses of $1.4bn (£930m) and threaten the government's economic recovery programme.

The government could invoke emergency powers and ban any job actions for 20 days, including possibly suppression of any illegal strike activity, as it mediates in the dispute.

However, there are indications that tensions are easing at Hyundai. Workers at eight of the nine companies still engaged in industrial action resumed normal production late last week in a goodwill gesture to win concessions.

But they threatened to stage a second one-day general strike later this week, following one on July 7, if no progress is made in labour negotiations.

The government threat of intervention is seen as an attempt to force labour and management to compromise quickly and prevent another general strike.

The Hyundai trade unions are seeking pay rises above the 4.7 per cent offered by management, the right to partial pay during strike periods, union shops and a 40-hour week.

'Beware the paper in Vietnam tiger'

William Barnes on bureaucracy, a sketchy legal system and ramshackle infrastructure

THE SIREN call of Vietnam's much touted economic takeoff could lure many foreign investors into costly mistakes, according to financial advisers who have studied the country's business environment.

The hoo-ha over a tough, canny people hungry to emulate and even outstrip other Asian "miracle" economies overlooks the stifling bureaucracy, sketchy legal system, ramshackle infrastructure and a dearth of domestic funds.

Mr Chris Bruton, of Bangkok-based Dataconsult, said: "People are not going to hang back – they are going to jump like a lot of sheep over a fence into the river and some of them will get drowned."

Excitement about Vietnam was mounting well before President Bill Clinton said earlier this month he was lifting US objections to renewed lending by multilateral agencies.

This allows the World Bank and the Asian Development Bank to start funding the construction of roads, power stations, telecommunications networks and the like.

Infrastructure development might be a prerequisite for speedy growth but few experienced observers have been tempted – as the Vietnamese sometimes have – to view big-project lending as a panacea for the country's economic ills.

Mr Hien Tran Trung of Ernst and Young, the first leading accounting firm to set up in the country, said: "The country has seen its social, physical and intellectual infrastructures destroyed [by decades of war and political campaign]. Yet after effectively opening its doors only three years ago it has inflation under control, a stable currency and has attracted $5.4bn in investments. That must be encouraging."

However, Mr Ray Eaton, chairman of the Export Development Trading Corporation which has several medium-sized investment's in the country, said: "Expectations are far too high all round. The Vietnamese are being told by their own media that soon everyone will have a Mercedes-Benz and a gold Rolex."

'Something in the air is electric. There's a feeling something is going to happen'

Mr Bruton describes suggestions that Vietnam is at the same economic stage as Thailand was 20 years ago as outlandish.

"I've been horrified by people gearing up to invest in Vietnam as if it was a Tiger in the making – it's nothing like that. I was living in Thailand in 1973, and visiting Vietnam. I can tell you Vietnam now is nothing like as far advanced as Thailand was in 1973. It's more like Thailand probably was in 1953," Mr Bruton said.

Vietnam has shown a remarkable capacity for recovery since the scrapping of neo-Stalinist state planning in the late 1980s and the loss of the former Soviet Union's financial help.

There has been an explosion of small businesses and the country has switched from being a rice importer to the world's third largest rice exporter.

Mr Peter Brimble, the managing director of Seamico Business Information and Research, said: "There's something electric in the air. You have the feeling something's going to happen in Vietnam – that there'll be a break-out: very quick growth."

In the supposedly crippling absence of loans from the international lending agencies real economic growth was estimated at 8.3 per cent last year.

But Mr Bruton insists: "In 10 years from now Vietnam will be very interesting; 20 years from now very interesting indeed and 30 years from now it will perhaps be like Thailand is today."

Simple arithmetic shows that even if Vietnam achieves its ambitious 9.5 per cent annual growth target for a decade the country will only be half as rich as Thailand.

Foreign companies are usually advised, as far as possible, to drip-feed money into Vietnam: a lot of trauma lies between one of the world's most open investment laws and its practical application.

Privatisation, or "equitisation", has hardly begun; in the meantime joint venture partners are state-owned companies.

Tsao Chun-ya, general manager of Taiwan's Yao Teh group, a property company that built Vietnam's first glass-walled office tower, told Taiwanese journalists of the frustration of dealing with the ostensibly autonomous representative of state companies: "When they hold a meeting with you, they take out a notebook and pencil, jot down your questions, go back to report and give you a response the next time around."

One foreign official's advice is: 'Double your estimate of time and costs'

Attempts to circumvent red-tape in the traditional Asian fashion often come unstuck. One Thai businessman lamented the lack of ethics among Vietnamese officials: "In China if you bribe someone you usually get something. In Vietnam you're more often than not just throwing your money away."

One western investor said that the Vietnamese had become "progressively more rapacious".

"It's turning me off the country – perhaps they've been poor so long they've lost a sense of decency."

In the hotel bars of Saigon (Ho Chi Minh City) and Hanoi tales are told of joint venture partners suddenly saying "what joint venture?", of loggers belatedly discovering their newly purchased logs are riddled with old bullets, and of fish farms that mysteriously lose all their fish.

The difficulty of isolating key decision makers in a country which still values consensus makes appeals to reason, and bribery for that matter, ineffective.

Taiwan has invested more than any other country, yet Mr Huang Chei-yien, of the China External Trade Development Council's Ho Chi Minh City office, urged his countrymen to "double your estimate of time and costs".

Unesco officials admit privately that the government's much touted 95 per cent literacy rate is functionally much lower.

Entrepreneurs are advised to put in a lot of foot slogging on the ground in Vietnam; to tailor – as far as possible – any investment to fit the authorities' idea of a good project, probably exporting or import-substituting; to ensure, where appropriate, that your joint venture partner has adequate access to supplies of raw materials; and be tough – everything is negotiable in Vietnam.

NEWS: THE AMERICAS

Clinton backs away from campaign pledge to end ban on homosexuals in military

US compromise on gays set to draw fire

By George Graham in Washington

PRESIDENT Bill Clinton braced himself yesterday to announce his policy on gays serving in the armed forces, a finely crafted compromise that shies away from his campaign promise to end the ban on homosexuals.

Instead the new policy seeks merely to rein in military investigations of sexual conduct. A senior administration official described the guidelines as: "Don't ask, don't tell, don't pursue." Members of the armed forces could not be asked about their sexual orientation, and investigations could only be ordered by their commanding officer.

However, the Clinton compromise is expected to draw the opposition both of congressmen seeking to maintain the existing ban, and gay advocacy groups who feel the changes do not go far enough.

Officials said the policy, which has won the grudging acquiescence of the Joint Chiefs of Staff, would mean "no witch hunts," but said any attempt to lift the ban on homosexuals in the forces outright would have been overridden by Congress.

"I think that any reasonable reading of where the Congress is at this point would lead you to think it would be almost impossible to sustain a complete lifting of the ban," a senior administration official said.

Critical to Congress's acceptance of the new policy will be the reaction of Senator Sam Nunn, chairman of the Senate armed services committee, who carries much clout in the Senate because of his military expertise and his leadership of a bloc of southern conservatives. Mr Nunn, who was largely responsible for derailing Mr Clinton's efforts to dispose of the issue quickly at the start of his presidency, is expected to unveil a bill today that would enshrine the ban on homosexuality in law.

Support for the Clinton proposal came from Mr Barney Frank, one of Congress's two openly gay members. Mr Clinton had been courageous in taking on the issue, he said.

While the issue of gays serving in the military has assumed a far greater prominence than Mr Clinton or his advisers had expected, it seems unlikely to go away.

Besides a protracted battle in Congress, gay advocacy groups are expected to press a number of lawsuits contesting the military ban on the grounds that it breaches the guarantee of equal protection given by the 14th amendment to the constitution.

This claim won support in Colorado yesterday when the state's supreme court upheld, on equal protection grounds, an injunction against an anti-homosexual measure passed by referendum last year.

Belize suspends territorial pact with Guatemala

By Canute James in Kingston

BELIZE'S new government is to suspend legislation approving an agreement between the previous administration and neighbouring Guatemala to settle a 130-year-old territorial dispute. Belize has also asked the Guatemalan government for a review of the pact.

Mr Manuel Esquivel, prime minister of the former British colony, said the aim was to get Guatemala to renounce all claims on Belizean territory. Mr Esquivel took office a fortnight ago after a narrow general election victory.

The pact ending the dispute was reached by Mr George Price, Mr Esquivel's predecessor, and Mr Jorge Serrano, former president of Guatemala.

"Too many concessions were made by the previous government in order to reach a speedy conclusion of the matter. We will not allow this to happen," Mr Esquivel said.

"Our concern, basically, is that Belize has given up rights it has under Belizean law. We say that it is not for the government alone to make this decision. Ultimately, it will have to be by a referendum."

At the heart of the settlement between Mr Price and Mr Serrano are changes to Belize's maritime boundaries to satisfy Guatemalan desires for access to the Caribbean Sea. The changes allow Guatemalan ships use of a navigation channel in the Gulf of Honduras, bordered by Belize, Guatemala and Honduras. The agreement was ratified by Belizean legislators and Guatemala's constitutional court.

Repeated indications over the past two decades that the Guatemalan military might invade Belize in pursuit of the territorial claim led to the stationing of a 1,500-member British garrison in Belize. Two months ago the UK said it intended to withdraw the garrison. During the election campaign Mr Esquivel claimed that Mr Price's administration had no plans for the defence of the country.

Guatemalan conservatives and sections of the military have objected to any agreement which does not satisfy Belizean territorial claims.

Central St Louis holds out against record flooding

By George Graham

THE muddy floodwaters of the Mississippi River crested yesterday in St Louis, breaking flood records and swamping many of the city's outskirts but remaining five feet short of the giant floodwall protecting the central area.

Although the worst of the floods seemed to have passed, rain continued to drench 12 Midwestern states on Sunday, and thunderstorms hit parts of Kansas, Minnesota, Ohio and Illinois yesterday.

'Programmes are designed to try to get people back on their feet'

A quirk in the jetstream that usually drives weather systems from west to east across the continental US continues to block a cold front over the Midwest; there it meets a mass of hot and humid air from the south and east, producing rainfall that has remained above average for eight months.

With the Mississippi, the Missouri and their swollen tributaries likely to remain flooded for weeks, the chances that more dams, earthworks and levees will give way are high.

After submitting a $2.48bn (£1.65bn) aid bill to Congress last week, the Clinton administration has all but given up trying to put a cost on the damage until the rivers stabilise. Some informal estimates of the total property damage run as high as $15bn, although federal officials have warned that the victims should not expect the government to bail them out entirely.

"We have to caution the victims that these programmes are designed to try to get people back on their feet. There is no way that any federal programme is going to restore them to 100 per cent," said Mr Leon Panetta, President Bill Clinton's budget director.

Only five states have so far been declared federal disaster areas, but parts of another four states are expected to be designated soon for emergency aid.

Members of Congress, however, are alarmed at demands from less-affected areas for federal money, as well as the claims of some eastern states that their heatwave qualifies them for drought assistance.

"If we turn this thing into a trough event, we're going to make deficit reduction impossible," said Senator Bob Kerrey of Nebraska.

Picture: AP

Shoppers in Portage des Sioux, Missouri, stock up with provisions despite the floodwaters which have hit the Midwest

Easy ride expected for Ginsburg

By George Graham

THE US Senate judiciary committee today begins a week of hearings on the nomination of Judge Ruth Bader Ginsburg to the Supreme Court. But the scene will be very different from the last such confirmation, when millions of television viewers deserted the soap operas for C-Span's engrossing drama of Ms Anita Hill's charges of sexual harassment by nominee Mr Clarence Thomas.

Mr Thomas won confirmation and has just completed his second term on the Supreme Court. But both his supporters and his opponents vowed that the lamentable spectacle of his confirmation hearings should not be repeated.

For Mrs Ginsburg, at least, that vow is expected to hold: she is expected to win easy and calm confirmation.

During the last 12 years of Republican presidents, abortion became the major issue in Supreme Court hearings, with mostly pro-choice Democrats in the Senate majority seeking to undo the pro-life candidates put forward by Mr Ronald Reagan and Mr George Bush.

This time, it is barely controversial. Even anti-abortion groups that dislike Mrs Ginsburg's recorded views on the issue have concluded that opposing her would be a waste of their resources.

Future candidates can also count on a more discreet airing of personal allegations. Senator Joe Biden, judiciary committee chairman, was much criticised for his handling of Ms Hill's charges against Mr Thomas and has instituted a closed session to round off this week's public hearings.

Most of the Clinton administration's confirmation wounds have been self-inflicted. But right-wing opposition groups succeeded in derailing the nomination of Ms Lani Guinier to a Justice Department position and have managed at least to delay hearings on Dr Joycelyn Elders, nominated to be surgeon general, and on Dr Tara O'Toole, picked for a post at the Energy Department.

Campbell curbs foreign magazines

By Bernard Simon in Toronto

MS Kim Campbell, Canada's new prime minister, has begun to put her stamp on the nine-year-old Conservative government's policies by clamping down on foreign magazines which seek tax benefits through printing low-cost Canadian editions.

The new magazine policy, announced yesterday, is a rare reversal of the liberalisation of foreign-investment rules which has marked the Tories' rule.

It follows an outcry among domestic periodical publishers over a recently-launched Canadian edition of Sports Illustrated, the US-owned magazine. By commissioning a small number of Canadian stories and using a Toronto printing plant, Sports Illustrated has been able to offer advertisers the same tax-deductible benefits available to advertisers in domestic magazines.

Mr Jean Charest, industry minister, said the government would revise its foreign-investment rules to require the publisher of a "split-run" edition to obtain the approval of Investment Canada, the agency which screens new foreign businesses.

Foreign investment in "cultural" industries, such as broadcasting and publishing, has long been politically sensitive. Sports Illustrated has circumvented rules by transmitting most of the magazine electronically to Toronto.

NEWS: WORLD TRADE

Nafta talks hammer out side deals

By Bernard Simon in Toronto

CANADIAN, US and Mexican negotiators are meeting in Ottawa this week in the hope of resolving most outstanding issues for the environmental and labour pacts which will form part of the North American free trade agreement.

The talks were described by one official yesterday as "very important". If successful, the three countries' trade ministers are expected to meet in the US next week to conclude the side-agreements.

The Clinton administration is aiming to submit Nafta and the parallel agreements to Congress for ratification before the summer recess on August 6.

Mr Mickey Kantor, US trade representative, said last week the administration would not send Nafta to Congress for approval without the side-pacts. Nafta is scheduled to come into force on January 1 1994, but faces an uphill passage against innumerable special-interest groups in Congress.

The key issue in the current negotiations is how environmental and labour standards will be enforced and how infractions will be penalised.

The US has been pushing for a strong enforcement mechanism which would include sanctions against offenders, including the possibility of trade penalties.

Canada and Mexico have taken a more cautious line however, insisting that sanctions should be a domestic matter. They are concerned that complaints about environmental or labour practices could be used as an excuse by US companies to launch protectionist trade actions.

Substantial progress is understood to have been made in recent weeks on narrowing differences between the three governments, including the powers of a proposed North American environmental commission.

This week's talks are at a technical working-group level. The three countries' chief negotiators will gather in Ottawa on Wednesday to review progress and are expected to report progress at a press briefing on Friday.

UK groups ply for Turkish contracts

By John Murray Brown in Ankara

BRITISH defence companies will be making a renewed pitch for contracts during today's visit to Turkey of Mr Richard Needham, the UK trade minister.

Credit proposals for Turkey's $400m (£266.6m) mine hunter vessel contract have to be submitted today. Vosper Thornycroft, of Southampton, is competing to win the largest defence contract tendered by the Turkish armed forces this year.

The contract for six mine hunters is an integrated bid. Vosper's proposal includes Marconi's 2093 sonar and its Nautis command and control system. Also bidding are Direction des Constructions Navales of France, Germany's Abeking & Rasmussen and Luerssen Werft, and Intermarine of Italy.

Vosper's bid, with that of DCN and Intermarine, involves a glass-reinforced plastic hull, while the Germans are offering a non-magnetic steel hull. Vosper's Sandown type vessel is already in service with the Royal Navy.

Initial bids were submitted on July 8. However, an early decision may be delayed following a reshuffle in SSM, the Turkish defence procurement agency, with the dismissal last week of Defence Under-Secretary Vahit Erdem.

An earlier possibility is the contract for fire control systems for the 35mm anti-aircraft gun. Marconi, together with Racal, is bidding to supply its Eagle system in a contract worth an estimated $200m. The UK company is competing against Contraves of Switzerland and a Dutch-French venture between Thompson CSF and Holland Signal.

Also under evaluation are bids for the $1bn Turkish Armed Forces Integrated Communications System. The UK subsidiary of Northern Telecom of Canada is offering its Savkom system. If successful, UK companies are expected to pick up substantial sub-contract work.

Asians seek a head for their bloc

Alexander Nicoll and **William Keeling** assess attempts to find a forum for co-operation

ASIAN countries, aware that growing economic power carries with it political responsibilities, agree on the need for greater co-operation. There are divisions, however, over the form it should take and, in particular, the role the US should play within Asia.

Two meetings, the first later this month in Singapore and another in Seattle in November, will push forward attempts to forge a more multilateral approach to regional security and economic issues. But western experts are doubtful that they will produce much more than talk.

In Singapore foreign ministers from the Association of South East Asian Nations – which represents Brunei, Indonesia, Thailand, Malaysia, Singapore and the Philippines – will meet counterparts from the US, Canada, Japan, South Korea, Australia, New Zealand and the European Community. Other countries, including Russia, Vietnam and Laos, have also been invited in the most broad-based regional discussions yet.

The meeting will look at how regional disputes can be kept in check with the end of the cold war and a scaling down of US troops in Asia. The North Korean nuclear threat, the future of Taiwan, and disputed territory in the South China Sea all pose significant security risks for the future.

But as Mr Gerald Segal, senior fellow at the International Institute for Strategic Studies in London, points out: "At a time when there are real security issues on the agenda, is it enough to be just discussing them?" He says nothing of substance has been done to solve the dispute over the Spratly Islands, claimed by China and several other countries, because nobody wants to upset Beijing.

A series of confidence-building measures should be undertaken, such as a regional listing of arms sales, to improve transparency in relations, Mr Segal says.

A similar lack of progress has characterised discussion of regional trade issues. Asean is the region's most active trade grouping but the US is pushing for the 15-member Asian-Pacific Economic Co-operation (Apec) forum to be given a more prominent role.

The US and Japan are members of Apec, which groups together most south and east Asian countries – including the "three Chinas" (China, Taiwan and Hong Kong) – along with Australia and New Zealand.

Malaysia, however, with the support of some Asian countries, is proposing an alternative, more restrictive, East Asian Economic Caucus

Mahathir: to stay away

(EAEC), which would exclude the US, Australia and New Zealand.

Mr Gareth Evans, foreign minister of Australia, which was the driving force behind Apec's creation sees its future as a powerful vehicle for regional trade liberalisation to be built on the principle of "open regionalism – that is, not aimed at putting up barriers to the rest of the world".

Apec is "starting to lock in much more specifically and in a much more switched-on way to the absolutely mainstream economic debate about the future of the region," Mr Evans said in an interview.

The US, which does more trade with Asian countries than with Europe, is keen to play an active role in the region's trada issues. Hence, President Clinton's call for an "informal leadership confarence" of Apec in Seattle to map out a grand vision of future co-operation.

The US government's enthusiasm, however, is not shared hy some Asian countries and Apec is a long way from establishing any trade agreements.

Washington will have its diplomatic hands full to persuade leaders from China, Taiwan and Hong Kong simultaneously to attend the summit. Mr Mahathir Mohamad, the Malaysian prime minister, has already said he will not attend.

Malaysian officials believe Apec could become a western-dominated trade bloc and Mr Abdullah Badawi, the Malaysian foreign minister, said last weekend he would ask other Asean leaders to refuse Mr Clinton's invitation.

The US may struggle to win over Asian governments which are sceptical of Washington's commitment to free trade. Rather, many Asian diplomats believe the US sees Apec as a means of preventing a purely Asian trading bloc, such as Mr Mahathir's EAEC proposal, emerging.

Mr Peter Ferdinand, who heads the Asia programme at the Royal Institute of International Affairs in London, says Apec is weakened by the US which, while apparently promoting it, adopts a confrontational approach to Japan on market access and attaches human rights conditions to its trade relations with China.

The short-term outcome is likely to be a compromise which leads to a confusing proliferation of acronyms and suits none of the parties. Indonesia takes over from the US as Apec chairman in November and will probably support EAEC's creation. Jakarta will argue, however, for EAEC to fall under the umbrella of Apec, rather than be an extension of Asean, which Kuala Lumpur would prefer.

How hard any of the parties will push depends in large measure on the outcome of negotiations on the General Agreement on Tariffs and Trade. If the Gatt talks fail, Asian attempts to strike trade agreements will take on a new significance.

INTRA-ASIAN TRADE 1991 ($m)

TO:	China	NIEs*	SE Asia	26 Asian developing countries	Japan	World
FROM:						
China	-	36.3	2.1	39.8	10.3	70.4
NIEs	27.9	41.7	24.9	99.0	32.1	307.8
South-east Asia	2.4	23.3	4.5	31.8	23.5	102.4
26 Asian developing countries	30.5	104.2	32.8	176.0	69.1	511.0
Japan	8.6	66.9	25.8	105.0	-	314.8

*Newly Industrialising Economies: HK, S Korea, Singapore, Taiwan. Sources: IMF and Directorate General of Budget, Accounting and Statistics, Taiwan

Paris urges rethink on farm trade accord

By Lionel Barber in Brussels

FRANCE yesterday called for a special meeting of EC foreign and farm ministers in September to discuss re-opening the Blair House accord on agriculture reached last year between the US and EC.

The call reaffirms France's determination to renegotiate Blair House, but it remains uncertain whether the majority of EC member states are ready to back a move which could torpedo efforts to strike a Uruguay Round deal by the end of the year.

Belgium, which holds the rotating European Community presidency, noted France's request at a meeting of EC foreign ministers in Brussels yesterday. EC officials predicted that the "jumbo" council of farm and foreign ministers would probably take place, if only to allow the French to "let off steam".

Mr Alain Lamassoure, French foreign minister responsible for European affairs, said France's attitude to the recent Uruguay Round talks in Tokyo between the US, Canada, the EC and Japan had been constructive. Now that "decisive" progress had been made on market access for industrial products, it was time to re-open talks on agriculture.

Report sees big companies roaming the world in hunt for cheap produce

Global agreements 'will hit food supply'

ATTEMPTS to reach global agreement on trade and tariffs will not make the world's food supply more secure and are likely to jeopardise the environment, according to a review of world trade published today, Press Association reports.

Accords such as the General Agreement on Tariffs and Trade (Gatt) and regional food regimes like the European Community's agricultural policy are pushing the food trade in the wrong direction, it says.

Food should be produced as close to where it will be consumed as possible, argues Mr Tim Lang, director of Parents for Safe Food, and Mr Colin Hines, co-ordinator of Greenpeace International's economics unit.

In the review – The New Protectionism – they say global agreements simply promote a trend in the food trade for increasingly powerful companies and countries to roam the world looking for cheaper food supplies.

"This may benefit some consumers in the short term, but the world loses in the long term. Long-distance food should be the last resort, not the first."

Increased world trade, rather than local trade, means food routinely travelling the globe, when this should only happen in emergencies. Intensive production methods push out small producers, to the detriment of the environment.

Starvation and plenty exist side by side, with Kenyan green beans flown by supermarkets to lighten British winter dinner tables, when there is starvation in nearby Mozambique.

Orange juice is shipped from citrus plantations in Latin America when Greek oranges are being dumped.

Consumers should be encouraged to eat more seasonal and locally grown foods where possible, the report adds.

The New Protectionism, published by Earthscan, 120 Pentonville Road, London N1 9JN. (071) 278-0433. Cost £10.95.

NEWS: MAASTRICHT TREATY AND UK

● Maastricht vote on Thursday ● Opposition parties debate tactics ● Ratification must await court hearing

Third party shift may save Major from defeat

By Ralph Atkins

A DIVISION among centrist third party Liberal Democrats over tactics for Thursday's vital debate on the Maastricht Treaty last night offered the government a possible lifeline in its efforts to avoid a defeat at the hands of Euro-sceptic Tory MPs.

Sir Russell Johnston, the Liberal Democrat Europe spokesman, suggested the party's MPs might vote with the government to save the Maastricht treaty if the opposition Labour party failed in its attempt to force Britain to accept the social chapter.

His comments were at odds with aides to Mr Paddy Ashdown, Liberal Democrat leader, who said the party would vote against the government on both votes: the first on Labour's amendment backing the social chapter and the second on the government motion.

The importance of the apparent rift is that Liberal Democrat support for the government on the second vote would force Tory Eurosceptic MPs to concentrate on the first vote if they want to inflict a defeat on the government. They would then have to vote for the social chapter rather than just against the government.

Whatever the Liberal Democrats decide the government was increasing the pressure on hardline Tory Eurosceptics not to vote with Labour in the first of Thursday's votes – on the social chapter.

But it appeared last night that more than enough sceptics were prepared to support Labour's amendment backing the social chapter – or to abstain – to overturn the government's 18-strong majority. That would happen only if the Liberal Democrats oppose the government on both votes.

In such circumstances, if the Eurosceptics hold to their position, ministers would be forced into a deal with one or more of the opposition parties – probably the Ulster Unionists – in order to salvage a chance of victory in the Commons.

If the Unionists voted with the government, the number of rebels needed to carry the Labour amendment would rise to 19. If the Unionists abstained, 14 Tory rebels would be enough to defeat the government.

The clash came as Sir Patrick Mayhew, Northern Ireland secretary, again urged Unionist MPs from the province to back the government and he appeared unwilling to rule out the possibility that he might have to strike a deal.

The three Democratic Unionist party MPs announced they would vote against the government – except possibly if the government made a complete U-turn and abandoned the 1985 Anglo-Irish agreement.

But the nine Ulster Unionist MPs will not decide how to vote until Thursday. They have not agreed tactics and some want to use the chance to force government concessions on Northern Ireland policy.

Meanwhile pressure was being brought to bear on the Eurosceptic hardliners within the Tory party from at least three different directions: constituency associations, government business managers and even some fellow Eurosceptics.

The man who took up battle on treaty

By Raymond Snoddy

LORD REES-MOGG, Baron of Hinton Blewitt, and former editor of The Times has always liked novelty and mischief and has argued eccentric views with lucidity and passion.

At the same time he has been developing a deeply gloomy view of Britain which be recently dubbed the Scarborough Syndrome after a hotel perched on a clifftop which started to sink slowly into the sea.

"We lose to America in football, to Brussels in European policy, to Japan in industry, to secularism in the Church and our economic policy has been a disaster," Lord Rees-Mogg wrote recently in his new regular column in The Times.

His court challenge to the Maastricht bill, financed at least in part by Sir James Goldsmith, brings together all Lord Rees-Mogg's taste for novelty and mischief, passion and gloom in a single theatrical performance in the High Court.

He once predicted the coming of a new ice age, before global warming diverted people's attention. He supported Richard Nixon in preference to the Washington Post over Watergate, and more recently co-authored a book forecasting doom and gloom and the end of civilisation.

Lord Rees-Mogg is probably one of the sharpest thorns in the side of John Major who he described as a "B category" prime minister to be compared with Conservative premiers such as Chamberlain and Eden who were finally ousted by their parties after suffering periods of crisis.

Lord-Rees-Mogg also likes heroes, however grotesque. The pop singer Madonna, he found to be a more exciting role model than Chancellor Helmut Kohl. But be admires Margaret Thatcher much more than Madonna.

"The outstanding example of greatness in modern Britain has been Margaret Thatcher. Her whole image is one of energy, of which as prime minister she seemed to have almost inexhaustible reserves," said Lord Rees-Mogg.

As vice-chairman of the BBC governors he was centrally involved in the row over the *Real Lives* documentary on Northern Ireland, which set governors and BBC managers at each others throats.

As founding chairman of the Broadcasting Standards Council he became a figure of fun when be admitted that one of his favourite television programmes was the comedy *'Allo 'Allo*, depicting "life" in the French Resistance. In five years the Council had little impact of any kind on what viewers saw on their screen.

Lord Rees-Mogg's profile has been revived as a patrician columnist and controversialist of extreme opinions.

Asked recently whether there was any area in which he felt unqualified to make a judgment, the scourge of John Major and the Maastricht treaty replied: "Clearly there are lots of subjects on which I am unqualified to talk about. I wouldn't write an article about mountain climbing."

Lord Rees-Mogg, outside the High Court in London, after yesterday's Maastricht Treaty ruling

Maastricht challenge revives age-old debate

Gillian Tett on the heart of a complex legal issue

EVEN if short-term politics was the motive for Lord Rees-Mogg's application for jndicial review of the Meastricht ratification, his decision to take the political battle to the courts has revived a legal debate whicb bas dogged the constitution for centuries.

The questions at the heart of the judicial review application are relatively simple: How far can the government operate independently from parliament? And in the absence of any written constitution, wbo decides which is more powerful?

"It's a major constitutional issue that has been raised. If Lord Rees-Mogg succeeds it would put the government in very serious difficulties," says Professor Michael Zander, a constitutional expert at the London School of Economics.

Lord Rees-Mogg's case revolves around the argument that the bill before parliament does not exactly match the Maastricht treaty signed hy prime minister Mr John Major. He argues that the government does not have tbe right to endorse a treaty wben only part of it has been approved by parliament.

He cites two potential examples of the mismatch. The first is that the treaty signed in Maastricht did not envisage that Britain would participate in the social chapter.

The second, more significant, issue is that the Maastricbt treaty contains protocols relating to defence and foreign policy, but these do not all appear in the parliamentary bill.

The government claims that the royal prerogative – the tradition which gives the executive the right to take decisions – allows it to ratify treaties witbout parliamentary approval.

Mr Leolin Price QC, Lord Rees-Mogg's barrister, wbo argues that this is "perhaps tbe most important constitutional issue to be faced by the courts for 300 years," claims that the government cannot use the royal prerogative to hand its powers on decisions such as monetary union or foreign policy to Europe.

Legal experts were yesterday sceptical about Lord Rees-Mogg's chances of success in the courts – even though the trend in recent constitutional battles has been for parliament to gain powers at the expense of the executive.

Mr Paul Craig, constitutional expert at Oxford University said the issue of "mismatch" between the treaty and bill was by no means clear cut – parliament does have to approve treaties when they affect internal Britisb law, but has usually epproved an abridged version of such treaties.

The second, and most powerful argument on the government's side, remains the tradition of royal prerogative, under which the government bas exercised power to conclude foreign treaties, irrespective of parliament.

"Any Britisb government in theory can more or less act as it wants in foreign affairs. So it could go ahead and ratify it without parliament – although of course that would be politically difficult," says Professor Trevor Hartley, an expert on EC law, wbo adds that the problem would only arise with "internal laws", whicb could, in theory, be referred to the British courts.

The British government has claimed thet the opt-out on the social chapter means that British law is not affected by the treaty. Lord Rees-Mogg argues that Britain could still be bound by the rulings of the European courts on this matter.

For critics of tbe government, this debate illustrates the need for a written constitution to clarify the balance between parliament and government.

Mr Craig predicts that given the constitutional significance of the case it will go all the way to the House of Lords.

Britain in brief

Retail sales record sixth monthly rise

An eerly start to summer disconnt sales underpinned the sixth monthly rise in retail sales in June, with the largest shops benefiting most from hnoyant consumer activity.

The Confederation of British Industry, the employers organisation, reported that in the year to June, sales volumes grew at their fastest rate since April 1990.

The percentage balance of those retailers reporting an increase in sales, minus those reporting a fall rose to 30 per cent, compared witb 18 per cent in Mey and -3 per cent in June last year. However, the improvement in retail trade was patcby, witb smaller chain stores and single sbops reporting that trade was still below last year's levels.

New charges on Maxwell

The six men charged over the collapse of Mr Robert Maxwell's publishing empire were sent for trial facing a fresh raft of charges whicb allege a variety of frauds took place totalling more than £300m.

The new charges replace the original holding charges whicb alleged a number of offences – including fraud and the theft of pension fund assets – totalling some £130m.

Threat to Abta

Sir Bryan Carsberg, director-general of fair trading, has threatened to take legal action against tbe Association of British Travel Agents unless it allows small tour operators whicb are not members to sell tbeir holidays throngh Abta travel agents. The Association of independent Tour Operators has complained that some of its members had encountered difficulty joining Abta.

LEGAL NOTICES

Christian Salvesen PLC

IN a Petition presented to the Court of Session on 13th July 1993 at the instance of Christian Salvesen PLC, a Company incorporated under the Companies Acts and having its Registered Office at 50 East Fettes Avenue, Edinburgh, EH4 1EQ, for confirmation of reduction of capital, the Court has pronounced the following Interlocutor:

"Edinburgh, 15th July 1993 Lord Mayfield
The Vacation Judge appoints the Petition to be intimated on the Walls of Court in common form and to be advertised once in the Edinburgh Gazette and once in each of the "Herald", "Scotsman" and "Financial Times" newspapers; allows all parties claiming an interest to lodge Answers thereto, if so advised, within twenty-one days after such intimation and advertisement.
Iain MacDonald"

of all which intimation is hereby given.
Brodies, W.S.
15 Atholl Crescent
Edinburgh EH3 8HA
Solicitors for the Petitioners

CONTRACTS & TENDERS

PEMEX - EXPLORACION Y PRODUCCION
SUBDIRECCION DE ADMINISTRACION Y FINANZAS
INVITATION
INTERNATIONAL TENDER
No CPEP-29/93

PEMEX-EXPLORACION Y PRODUCCION INVITES COMPANIES WITH EXPERIENCE IN OFFSHORE DRILLING TO PARTICIPATE IN THE BIDDING FOR THE AWARD OF THE CONTRACTS ON THE TURNKEY BASIS FOR THE DRILLING OF 2 OFFSHORE EXPLORATORY WELLS WITH THE SUPPORT OF SEMISUBMERSIBLE RIG WITH MINIMUM DRILLING CAPACITY OF 7,500M AND WATER DEPTH OPERATION MAXIMUM OF 250 M.

REGISTRATION FOR THIS TENDER WILL BEGIN WITH THE PUBLICATION OF THIS INVITATION UNTIL JULY 29th 1993. BIDS OPENING WILL TAKE PLACE AUGUST 17, 1993.

ALL NECESSARY INFORMATION TO PARTICIPATE IN THIS TENDER SHOULD BE REQUESTED BY FAX, OR TELEPHONE, TO THE FOLLOWING NUMBERS IN MEXICO CITY. FAX: (525) 728-13-12 OR 203-51-88: TEL: (525) 254-45-63 OR 531-5470 ATTN, MR ALBERTON IBARRA DEL CALLEJO.

PEMEX JULY 20th 1993

APPLICATION FOR PREQUALIFICATION OF INTERESTED MECHANICAL AND ELECTRICAL / INSTRUMENT CONTRACTORS
SZ-SWAZILAND

SWAZILAND SUGAR ASSOCIATION
UBOMBO RANCHES - BIG BEND - SWAZILAND
25,000 METRIC TON REFINED SUGAR CONDITIONING/STORAGE TOWER.

SUBJECT
The Swaziland Sugar Association intends to proceed with the construction of a bulk conditioning tower for refined sugar. The implementation of the mechanical and electrical/instrument sections for this project has been divided into four contracts as below. The civil/structural works will be carried out under a separate contract.

1.1 Conveying equipment for a sugar flow of 25 tph (batch weighers, elevators, screw conveyers, distribution metering screws, chutes & hoppers)
1.2 Conditioning air and dust extraction equipment (fans, ducting, filters, dehumidifiers, chillers, cooling towers, high pressure blowers, compressor, pumps & piping).
1.3 Low tension electrical installation (motor control centres, cabling, lighting, earthing, static control) including instrumentation (PLC & SCADA, instruments, sequencing, interlocking, cabling marshalling).
1.4 Passenger lift (complete installation).

PROGRAMME
The preliminary programme is set as follows.

Consultation with selected firms	26-30 July, 1993
Issue of tender documents	10 August, 1993
Award of contract	1 October, 1993
First delivery	1 February, 1994
Contract completion	31 July, 1994

SUBMISSION OF QUALIFICATIONS
Interested companies are invited to present company resumés and qualifications validating themselves as acceptable tenderers (state clearly which contract(s) are being applied for). Such submissions must include:
Details of appropriate experience in one or more of the above contracts
Proof of ability to undertake a contract of the type and size concerned.
Proof of financial situation.
Schedule of references, involving similar previous contracts.

Tenderers are to note that equipment will only be considered if it can be adequately demonstrated that backup support for the equipment in terms of servicing and spare parts, is readily available in Swaziland or neighbouring countries.

The Swaziland Sugar Association reserves the right to issue tender documents to only, in their opinion, the best qualified of contractors submitting presentations without further prejudice. Tenders will be open at least to firms from EC member states and from ACP countries.

RECEIVING ADDRESS
Presentations shall be lodged in writing with:

The Swaziland Sugar Association, 4th Floor Barclays Bank Building, Allister Miller Street, Mbabane, Swaziland — Telephone 010 268 42646-7, Telefax 010 268 45005 — by not later than 26 July 1993 at 17h00

MANAGEMENT: THE GROWING BUSINESS

In a Nutshell

New name for the "one-stop shop"

Business Link has been chosen by the UK government as the brand name for Britain's network of one-stop shops, advice centres which bring together the skills and information bases of Training and Enterprise Councils, chambers of commerce and enterprise agencies.

The Department of Trade and Industry is known to have been unhappy about the down-market image created by the term "one-stop shop".

The government has also approved a seventh pilot scheme, in Leicestershire.

There are plans to establish a set of accreditation criteria to ensure the centres provide a high-quality service.

Long working week for entrepreneurs

Fifty five per cent of British small business owners work more than 50 hours a week, while 7 per cent work 70 or more hours a week, according to the latest Lloyds Bank/Small Business Research Trust quarterly report*.

One third regularly work on Saturday.

Between one quarter and 40 per cent of their time is spent on production or serving customers: a fifth is spent on marketing and slightly less than a fifth on financial matters. Five per cent goes on developing new products and services.

**From Small Business Research Trust, School of Management, Open University, Walton Hall, Milton Keynes MK7 6AA. Tel. 0908 655831. £15 a copy or £45 a year.*

Backing the right characters

Guinness Mahon Development Capital (GMDC) plans to raise a £25m fund to back companies with the rights to characters and brands such as Thomas the Tank Engine or Mickey Mouse.

The Global Rights Development Fund will finance businesses which have or plan to acquire the publishing, licensing and merchandising rights to characters, brands and other types of intellectual property.

It expects to invest sums of between £250,000 and £1m.

London-based GMDC and the Bank of Yokohama, its ultimate parent company, will provide at least one third of the amount to be raised by the first closing date.

Stamping out the forgeries

Barclays Bank says it intercepted more than £1.7m worth of counterfeit banknotes in 1992 and has issued a seven-point checklist to help small businesses to detect forgeries.

Even if a business accepts a note in good faith, it could lose money because the law requires it to be handed to the police.

Ultra-violet lamps are not fool-proof since notes which have been in contact with recently washed clothes may fluoresce while fakes printed on ultra-violet dull paper will not. Notes in a reasonable condition should be crisp and not limp, shiny or waxy. The print should be clear and not blurred or hazy. Notes should contain a continuous thread embedded in the paper.

The watermark should be hardly noticeable until the note is held up to the light when a portrait becomes visible. Notes of £10 and £20 are the most popular forgeries, Barclays warned.

Ethnic trade trip to Atlanta

One strand of ethnic minority business promotion to receive attention in recent years has been the creation of links between black-owned businesses in the UK and North America.

As part of this development the North London Business Development Agency will be leading its fourth trade mission to take part in Minority Enterprise Development Week in Atlanta, Georgia on September 25.

The agency expects to take a dozen UK business managers to Atlanta for up to 10 days at a cost of about £1,500 each. Previous visits have led to orders being placed for UK products. The mission is open to business owners from throughout the UK.

Contact the agency at 35-37 Blackstock Road, London N4 2JF. Tel. 071 359 7405.

Walter Bruderer offers tips on how to ensure your press release does not end up in the wastepaper bin

Read this – you need to know it

Is this article important?

That is the first question editors and writers ask when they pick up a press release and start reading. And the conclusion they reach will determine whether they read on or toss the release aside. The writer has one paragraph – perhaps 20 seconds – to seize the reader's attention or lose it.

Important means this: the article is based on a development that the publication's readers will find interesting because it matters to them and is new.

So when submitting a press release, ask yourself how your new product, improved service or reduced price, for example, could be important from the publication's point of view and then write your press release to emphasise that importance.

As a golden rule before sitting down to compose a press release, make sure you have something worthwhile to say.

Of equal importance is to tackle the main point immediately – in the first paragraph. And make it with absolute clarity. Editors and writers will judge your article in a matter of seconds and what they are looking for are facts.

Many press releases are not used because the central idea is flimsy and unimportant. It puffs up an organisation but has no benefit for the reader.

To cover up this critical flaw, the writer often commits another mistake – he or she resorts to fancy writing. Editors and writers have no time to untangle any tricky phrasing. They spot it at a glance, run out of patience and your press release goes in the wastepaper basket.

It does not take long for you to acquire a reputation as an inexperienced amateur, to be safely ignored by editors and writers.

A point just touched on is worth a bit of emphasis: once you have decided what is important, get to the point fast. Say it in the first paragraph. Let's say you have 100 words to convince the reader. So make your point quickly, with every word meaningful and clear.

Here are 13 rules to guide you:

● Make sure your subject is important to the readers of the publication to which you will send your release.

● Present the essential facts immediately, in the first paragraph.

● Search for a simple, straightforward style, so your information will be easy to follow and understand. Clarity is an absolute must. Fancy, pretentious writing can only obscure your message.

● Try to personalise your press release by quoting an authority in your organisation. This breathes life into the article. But make sure the quoted person says something important to help move the story along and, incidentally, to make him or her look authoritative.

● If this person cannot say anything interesting or pertinent, do not use him or her.

● If your press release mentions a new rate sheet, brochure, or book, be sure to enclose a copy.

● Keep companies, columnists, business editors and writers on separate mailing lists. Each has a different point of view and different needs, so tailor your stories to fit each group.

● If your press release refers to an important coming event, which editors and writers might cover, send it far enough in advance so that they can make plans. Freelances need time to query editors, and editors appreciate time to make arrangements.

A last-minute press release, on the other hand, may pose so many problems that editors and writers may decide it is not convenient to attend.

Timing is often the difference between success and failure.

● Keep mailing lists up-to-date and weed out duplicates. Nobody likes to receive a press release addressed to a predecessor. And a mistake of that kind marks you as careless and unprofessional.

Many press releases are not used because the central idea is flimsy. It puffs up an organisation but has no benefit for the reader

● A sample sheet showing photos available, with a request form, helps the editor and writer choose exactly what they want. This saves you the considerable expense of sending big collections of mass-produced photos, 90 per cent of which would never be used.

● Do not label your press releases as "special", "personal", or "exclusive" unless they really are. Writers or editors who have been led to believe that they have received an exclusive story can only be angry when they discover that your promise is not true.

And using these words recklessly brands you as an unsophisticated performer whose work should be regarded sceptically.

● It is obvious, but needs emphasising, that every release should have a specific release date – such as August 10, 1993. It is not good practice to use "immediate release" because this allows one editor to use it ahead of another, and sometimes that can be embarrassing.

● Always include the name of your organisation's contact person, plus telephone and fax numbers. At the end of your press release, add this: "If I can be of further help, please call."

It is often true that editors and writers need additional facts or wish to explore a different angle, and they appreciate your willingness to help.

Next time you write a press release, check it against these rules.

Then, to be on the safe side, check it once more against the golden rule above.

If you pass that test, you are well on the way to getting your release read and used.

Banking on training

Bank managers in Germany and the Netherlands take greater account of management experisnce, entrepreneurial skills, training and qualifications than their British counterparts when assessing business propositions. British bank managers, in contrast, place greater weight on financial criteria when assessing risk.

These are among the findings of a three-country study of financing practices in the West Midlands, Baden-Württemberg and Twente by researchers from the University of Central England Business School.

In Germany, in particular, bank managers were able to call on a range of additional information when assessing business plans. There was a high level of networking between business support organisations and rival banks.

It is probably more difficult to get started in Baden-Württemberg because entrepreneurs are required to provide much more information to potential backers, but it is likely that start-ups are of a higher quality than in the UK, tha researchers suggested. Partly because bank managers have more information about the businesses they back they are able to be more generous in their funding. In the West Midlands bankers were uncomfortable with gearing ratios of more than 1:1 while ratios of 2:1 were normal in Twente and as high as 5:1 in Baden-Württemberg.

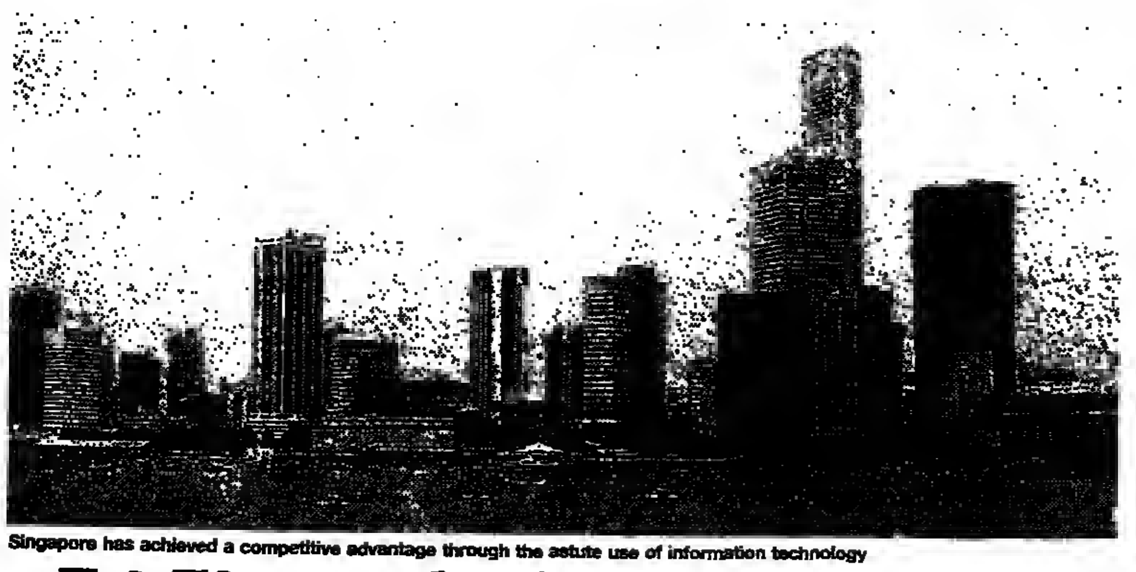
The UK venture capital sector is more highly developed in the UK but equity finance is often not available in the small amounts needed. In Germany equity is available from local stock exchanges, private investors and the banks.

The study suggests policies which could be adopted in the West Midlands: closer co-operation between chambers of commerce, banks, colleges and local authorities; broader training by the banks to emphasise the importance of management skills; increased publicity for specialist funding schemes for, for example, high-tech firms.

**Comparative European Practices in the Finance of Small Firms. By D. Deakins and T. Philpott. Department of Financial Services, UCE Business School, Perry Barr, Birmingham B42 2SU. Tel. 021 331 6215. £10.*

Charles Batchelor

TECHNOLOGY



Singapore has achieved a competitive advantage through the astute use of information technology

Wired for trade in Singapore

Larry Donovan on the island's electronic efficiency

In Singapore, the thrusting island state which has one of the busiest ports in the world, the daily pace of international commerce is being speeded up by electronics.

Instead of wading through mounds of paper, users of its Trade-Net system – a nationwide electronic data interchange network (EDI) linking manufacturers, shipping agents, freight forwarders, traders and government agencies – can cut hours and even days off the processing of import and export deals. By saving time, they also save money.

Since governments and companies around the world are constantly seeking ways of staying competitive in tough markets, Singapore has obtained an extra technological edge with TradeNet which has significantly increased the efficiency of trading in Singapore. Under the system, a user can send an electronic document to relevant government agencies and have it returned with approvals within half an hour.

A cargo agent who receives within minutes his "electronic approvals" for import and export declarations can handle consignments for customers on short notice, while a competitor would have to wait two or three days for written approvals from various government departments. The computer-to-computer exchange of business documents also allows agents to deliver goods upon arrival, eliminating warehousing costs for temporary storage.

The sharp rise in efficiency and productivity with the use of EDI is benefiting the financial performance of many Singapore companies. Although there has not been a detailed study on the benefits of TradeNet, Pearleen Chan, managing director of Singapore Network Services, responsible for the state's electronic network services, told a recent conference in Vancouver that the success of TradeNet translated into savings of S$1bn a year for the trading community.

That success stems from humble beginnings. In 1989, with an initial investment of US$10m (£6.6m), the Singapore government set up a state-owned company to operate the network. Fifty companies were included in the early stages, but the group grew so quickly that TradeNet became self-financing through user fees. In two and a half years, most of the old government service counters had been shut down because of companies going electronic.

Chan says the competitive advantage TradeNet brings the Singapore trading community is so marked that "if you are not in it, you are out of business". The principles of TradeNet are now being extended to other areas including the medical, legal, real estate and construction sectors. One application in particular is gaining attention – a local shipping network called PortNet. Singapore has one of the most active deep-water harbours in the world and PortNet allows businesses to screen vessel arrivals, departures and berthing schedules. It also gives shippers the chance to track cargo electronically in the port area.

Singapore is also making important EDI links beyond its borders. TradeNet is linked to the Customs Automated Commercial System (ACS) in the US to assist in the pre-clearance of cargo at its port of destination. In the shipment of textiles, for example, a test project is under way which permits the Singapore government to transmit data on their export licences to US customs. On arrival of the imports, the licence must match the information sent by the Singapore government; if there are any discrepancies the cargo is not released.

Elizabeth Durant, acting director of ACS, says the pilot project has produced excellent results. A formal evaluation with the Singapore government on the mutual benefits of the system has been completed and ACS is waiting for the state department to make the formal agreement with Singapore.

Durant says Singapore was the pilot "in every sense", especially in the technical area. Now the infrastructure is in place, her agency would like more countries to be added. "It is a great improvement for us," she comments. "It's definitely a permanent thing."

Singapore has also completed a pilot project to connect with a network in the Netherlands run by Intis, a privately held company affiliated with the Rotterdam Port Authority. Willen Van Heslk, director of research at Intis, says the reaction from the participants in the project was positive and both parties are working on new business cases to use the EDI link that has been established.

The success of Singapore's TradeNet has caught the attention of those working in EDI circles and government planners, in particular in south-east Asia. Its status as one of the top players in EDI often gives Singapore an opportunity to fulfil a consulting role to help other countries connect to global electronic networks.

This is not an easy task. Chan doubts whether any particular model can be lifted wholesale and implemented in different countries. "A lot depends on the culture, the ability of people to work together." She points to 20 government agencies and various trade associations that co-operated to establish TradeNet.

Hassen Ansery, executive vice-president of Ports Canada, agrees. Singapore is often seen as having a government that imposes its direction on its citizens rather than working by what Ansary calls the "consensus building" process that is part of the political make-up of many other nations.

But whatever its politics, Singapore has achieved an impressive competitive advantage through the astute use of information technology. Ansary does not feel that Singapore is getting more credit than it deserves. He says the island nation is setting standards in different areas and they are at the EDI frontier. Ansary is certain that EDI is the wave of the future, the question being who will be in the best position to capitalise on it.

As for the future of TradeNet, Chan says the Singapore government likes what it sees and notes the technology is moving so rapidly that the "name of the game is to stay one step ahead". The next step is now being taken; the government plans to link electronically all homes, government agencies and businesses into a fully networked society.

Michael Dempsey on IT security after the Virgin affair

Corporate computing seeks safe pair of hands

When it emerged that British Airways employees had accessed Virgin Atlantic computer data to poach customers and analyse route profitability, it was not just the airline industry which was shocked.

Virgin had contracted out its information technology work to British Airways in a typical example of the practice known as facilities management (FM). Since this kind of arrangement is increasingly common across many different industrial sectors, who else faces this sort of risk?

FM involves a third party taking over a client's computing needs, with the user then left to carry on with his original business. The outside contractor can supply its own personnel, or inherit the IT staff from the client. Either way, the user is spared the chore of hunting down and retaining scarce computer professionals.

The practice began in the 1980s when some large organisations felt they were being diverted from their main objectives as budgets and personnel were swallowed up in the rise of IT. Banks in particular saw the IT department grow in significance to a point where computing threatened to become a core business in itself.

The rising cost of keeping up with technology and the sense that IT was acquiring a disproportionate importance within organisations demanded a practical solution. The services sector within the IT industry spotted an opportunity and was quick to supply it. FM was born.

From the start, hiving off the human and technical headaches of running a large computer system was seen as a big step. How far could an outside contractor be trusted? The FM industry maintained the integrity of third parties was practically guaranteed. For an IT contractor to abuse confidentiality would be suicidal.

The airline industry was one of the first to adopt FM in a big way, with many carriers contracting out the task of running computerised reservation systems (CRSs). It takes millions of lines of code and large mainframe computers to process passenger and load data.

British Airways has acknowledged expertise in the CRS field, which is why Virgin Airlines stores booking and flight load data on the British Airways Booking System (Babs).

Other airlines do the same. British Midland Airways has recently renewed its contract with Babs. But the Virgin affair forced BMA to study security closely. BMA demanded that BA chairman Sir Colin Marshall gave a written undertaking that client security would be respected. But BMA also opted for a more concrete policy. The most commercially sensitive passenger information is kept in off-line computer systems that cannot be accessed via Babs. This secure database can only be interrogated through BMA's terminals.

Des Butler, manager of agency automation at BMA, explains: "We've every confidence in the BA people we deal with, but you have to keep some things at a remove." He adds that professional respect does not mean letting down one's guard in an infamously competitive sector.

> **'Once you say you're in the service business, you simply cannot entertain the concept of ever looking at user data'**

Banks were also quick to move into FM – as both suppliers and users of third-party IT services.

Barclays Computer Operations (BCO) was spun off when its parent bank decided to cash in on its IT experience. Tony Tatton-Brown, senior sales manager at BCO, points out his company's banking background means confidentiality is to the fore. BCO's clients can expect the same level of security as Barclays' customers. And Tatton-Brown thinks that should apply to any user of FM services. "Once you say you're in the service business, you simply cannot entertain the concept of ever looking at user data."

Barclays is also an FM customer. Olivetti has a £100m contract to manage computer and banking equipment right across Barclays' branch network. Barclays uses very few Olivetti systems. But in one move, it has replaced more than 200 maintenance contracts for vital technical support with one contractor. Olivetti handles the various equipment providers and Barclays gets on with banking.

Other computer hardware makers are rushing to diversify into service provision. Unisys, for example, is exploiting years of experience building large banking systems to set up shop as a financial systems house. It already manages and maintains electronic branch equipment for the Trustee Savings Bank and won FM business worth £40m in 1992. Since Unysis and Olivetti are firmly rooted in the IT industry, they are hardly potential competitors of clients. But how worried should the FM world be about farming out responsibility for sensitive information?

Electronic Data Systems (EDS) cut its teeth in FM and grew into a worldwide computer services empire. Alan Stevens, EDS UK marketing manager, believes FM contracts must leave no room for doubt. "The crucial issue is that both the supplier and customer enter into an agreement that protects not only their interests but also covers ethics."

The Computer Services Association is the relevant industry body and its code of conduct is unequivocal in respect of FM suppliers. Proper security for clients is imperative. But industry bodies proliferate in the IT industry. Blue chip companies such as British Steel and Barclays Bank have joined the European Security Forum (ESF). They meet to swap information on security and British Airways is a participant.

A somewhat embarrassed ESF suggests that Virgin failed to appreciate the true commercial value of data held on computer. In other words, do not rely on the honour of your IT contractors.

Virgin is reviewing its exposure to third-party IT support. It might be unjust to apply Butler's suspicion across the world of FM, but Virgin discovered that computers can prove a soft underbelly.

LEGAL NOTICES

No. 005998 of 1993

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
S W WOOD GROUP PLC
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was presented to Her Majesty's High Court of Justice, Chancery Division on 5th July 1993 for the confirmation of the cancellation of the Share Premium Account of the above named Company.

AND NOTICE is further given that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 28th day of July 1993

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of Share Premium Account should appear at the time of the hearing in person or by Counsel for that purpose

A copy of the said Petition will be furnished to any person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated the 20th day of July 1993
CLIFFORD CHANCE
200 Aldersgate Street
London EC1A 4JJ
Ref: KO
Solicitors to the Company

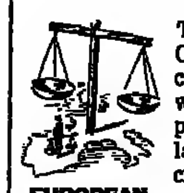
In the High Court of Justice,
Chancery Division.
No 005155 of 1993.
Mr Registrar Buckley
IN THE MATTER OF
GRAYSTONE PLC
AND
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY given that the Order of the High Court of Justice (Chancery Division) dated 7th July 1993 confirming the reduction of capital and share premium account of the above named Company was registered by the Registrar of Companies on 8th July 1993

Dated this 15th day of July 1993.
Nabarro Nathanson,
50 Stratton Street,
London, W1X 5FL.
Tel: 071 493 9933
Fax: 071 629 7900
Ref: 6A/NXF/P11364
Solicitors for above named Company.

BUSINESS AND THE LAW

UK tax rule discriminatory



The European Court of Justice confirmed last week that UK corporation tax legislation that discriminates against companies with their principal place of business in another member state is prohibited by Rome Treaty rules on establishment.

The Court's ruling was in response to a question referred from the English High Court in the context of a dispute between Commerzbank AG and the UK tax authorities. Commerzbank, which had its head office in Germany, made loans to US companies through a UK branch. It paid tax in the UK of £4,222,234 on the interest earned. Subsequently, it successfully reclaimed that payment from the UK tax authorities on the ground that the interest was exempt from tax in the UK pursuant to a UK/US double tax treaty. This provided that tax was only payable in the UK on interest paid by a US company to a UK company or a company resident for tax purposes in the UK.

Commerzbank also claimed "a repayment supplement" of £5,199,258, equal to the interest incurred on the overpaid tax under the same provisions. The tax authorities rejected the claim on the grounds that the company was not resident in the UK. According to the UK tax rules, the supplement was generally available only in the case of repayments of corporation tax to a company resident in the UK.

The ECJ held that a national law of this kind involved unequal treatment amounting to discrimination in breach of the treaty rules on establishment.

The fact that the exemption from tax which led to the refund was available only to non-resident companies could not justify a general rule withholding the benefit on such a discriminatory basis.

Case C-330/91, R v Inland Revenue Commissioners ex parte: Commerzbank AG, ECJ FC, July 13 1993

Establishment official authority exception

In a reference from the Belgian Raad van State, the ECJ has interpreted the official authority exception to the right of establishment very strictly in the context of the Belgian regulation of insurance commissioners appointed by the Belgian Insurance Control Office.

The Insurance Control Office exercised official authority and the insurance commissioners were appointed by the office under the same regulations which governed it. However, the Court found that a 1986 amendment to the applicable regulations requiring that insurance commissioners be Belgian nationals was unjustified. Previously, any Community national qualified.

Moreover, the duties of the commissioner were, in terms of financial scrutiny, no different from those of others with no official authority and, when directly linked to the powers of the Insurance Control Office, always subject to final determination by the office itself.

Case C-42/92, Thijssen v Controledienst voor de verzekeringen, ECJ 5CH, July 13 1993

Employment contract jurisdiction

In a reference from the Chambery Court of Appeal, the ECJ has clarified the application of the special jurisdiction provisions in the Brussels Convention relating to employment contract disputes. The Court held that, where an employee performs his contract of employment in more than one contracting state, the place where the obligation characterising the contract is performed is that where, or from which, the employee principally carries out his obligations.

In deciding the place of performance, which was for the national court to determine, the relevant facts of the case had to be taken into account. Accordingly, Mr Geels, the international marketing director of UK company Mulox IBC Limited, correctly brought his claim for compensation for the termination of his employment in the French courts. His residence from which he carried out his duties was in France; and his duties, previously performed in Germany and Holland, were ultimately performed exclusively in France.

Case C-125/92, Mulox v Geels, ECJ FC, July 13 1993

BRICK COURT CHAMBERS
BRUSSELS

The solicitor-client relationship is under review, writes Nick Gillies

Spirit of the entrepreneur

Lawyers are becoming aware that the high fee-charging of the past is on its way out. This was one of the messages at a recent conference for senior solicitors. Creating the Client-Driven Law Firm, organised by Nottingham Law School's Centre for Law Firm Management. The conference had some blunt words for lawyers and some useful ammunition for finance directors.

Lord Alexander of Weedon, QC, chairman of National Westminster Bank, opened proceedings with a speech packed with home truths. He started with an attack on hourly rates (the standard method of charging, where solicitors charge by the hour), which he called "a charter for overcharging and inefficiency".

He warmed up with an accusation that solicitors thought marketing was about creating relationships: they should not be seeking to create "a warm glow, but striving for a productive and profitable relationship", he said.

Finally, Lord Alexander asked the lawyers listening to raise their hands if they would enter into litigation on their own account if they had to fund it personally. Not one did. "The cost of litigation is not worth it," he agreed.

After Lord Alexander had set the tone, eminent in-house lawyers and legal management consultants joined in. Even the lawyers admitted things had to change.

Mr Peter Cole, a member of the management committee of Eversheds, the national law firm, said: "You can't say to a client that you don't know how much it will cost. They will say: 'You say you are an expert – you must have done this before.'"

One speaker said the logical consequence was that lawyers would have their income reduced. That, however, was an idea lawyers could not countenance, although they could contemplate cutting their fees.

Mr Andrew Simkin of Pannone & Partners, a London and Manchester law firm, said that he had suggested telling clients that, owing to increased efficiency, the firm would be cutting its fees the following financial year. His partners thought the clients' reaction would be that they had previously been overcharged.

This approach to commercial realities proved to be a theme of the conference. Lawyers, it seemed, were extraordinarily lacking in basic business sense when it came to their own affairs.

Tough and astute managers of large London practices were enthralled when a young man from a small Hertfordshire law firm told them how effective hiring a credit controller at his firm had been. His partners had tried to veto the idea, because they had feared that chasing the client for money owed would damage the relationship. In fact, he explained, the controller dealt with the client's accounts department, not at the director level at which the lawyer was operating.


Ashley Ashwood

Lord Alexander: hourly rates are 'a charter for overcharging'

It was ironic that lawyers should be coming to terms with line management techniques just as the world was beginning to adopt the knowledge-based skills of the professional, said Professor Tom Cannon of Manchester Business School.

In his vision of the future, the law firm would be a group of experts, mainly at partner level, who would be aware that their value to a client was the value they added to the client's transaction.

To many of the lawyers in the audience that sounded like a platitude, but two important points sprang from it.

The first was that clients were no longer prepared to pay for the services of junior lawyers who were in effect learning their trade on the job at the client's expense. "We are not going to pay £200 an hour to train your assistants," as Ms Katherine Gurun of Bechtel, the engineering and construction group, put it.

The second was that there needed to be a cultural change, to dissuade lawyers from doing a perfect job regardless of the time it took and the cost.

This latter idea, which would be anathema to most lawyers, could be imposed only by clients. It did not mean clients wanted shoddy work. They simply wanted lawyers to retain a sense of proportion about what was likely to be essential.

Mr John Boyd, QC, legal services director of Digital Equipment, the computer company, explained: "For core work [mainly intellectual property work] we expect the highest quality work and are happy to pay very large bills. But for routine things – property, some litigation, debt – we go for a satisfactory service at a reasonable price."

While Mr Boyd knew what he wanted from his outside lawyers, many clients did not. Conference speakers, both in-house lawyers and management consultants, made it plain thet, in future, lawyers would have to be more entrepreneurial about assessing the client's wants and needs.

This brought the conference to the issue of marketing – something lawyers have been allowed to do only for the past five or six years. At one conference workshop, a managing partner was asked how to ensure that he retained a corporate client. He said: "First find out who the Master of the finance director's [Masonic] Lodge is." Although clearly meant as a joke, some did not take it as such.

One managing partner told the conference that the day of the general law practice was over. He said that, as in other spheres, the market would divide into "brand leaders" and "niche traders".

Agreement came from two lawyers at opposite ends of the spectrum: Mr Michael Brown, the managing partner of Waltons & Morse, a small London firm specialising in shipping and insurance law; and Mr Stuart Benson, of Leeds-based Dibb Lupton Broomhead, a general commercial law practice with offices in most of the main commercial centres in England.

Mr Brown asked the conference: "How often does a client ring up and say: 'I have a litigation problem'? They don't. They say: 'I have an insurance problem', 'I have a shipping dispute.'" He had split his firm into industry-specific teams, and the generalists were being absorbed into them.

Mr Benson said his dream was to create a law firm based on the categories of the FT share indices. His reasoning was that "when people are focused on specific areas, they automatically market their services".

All this suggested that many lawyers were beginning to grasp the basics of management and business development. Delegates to the conference included senior people from leading UK firms: Clifford Chance and Linklaters & Paines in the City of London, Osborne Clarke and Eversheds from the regions, for example. Nevertheless, only 40 of the country's 8,000 law firms had sent anyone to the conference.

Professor Philip Brown of Nottingham Law School put a hrave face on it, saying the conference was two years ahead of its time. But so small a number of attendees suggested that lawyers are still not aware of the depth of client resistance to their profession's old ways.

The author is a contributing editor to Legal Business Magazine

LEGAL BRIEFS

Pan Am seeks to recover money from India

Pan American World Airways, in the process of Chapter 11 liquidation in the US, has launched an action against the Indian government to recover $3.7m for creditors. The money was frozen in an Indian branch of Citibank after the airline carried an Indian passenger ont of the country who owed millions in back taxes.

According to the American National Law Journal, the Indian government blocked the money after Pan Am flew Dr Jayanti Dharma Teja to New York in 1977. Dr Teja owed £4.5m in taxes and was prohibited from leaving India. Pan Am accepts that the Indian government warned it that Dr Teja was grounded, but says it was given insufficient information to trace him. He was seen off at the airport by Indian officials, including the son of the then prime minister, and had all the necessary documentation.

The action is the culmination of more than 10 years of efforts hy the US administration and the airline to get the money released.

Scots' complaint

Recent complaints by the English Law Commission, the government's law reform advisory body, that few of its recommendations for legislative change reach the statute book are echoed hy the Scottish Law Commission.

According to Ms Lynne MacMillan, of the Scottish Consumer Council, Scotland faces the additional disadvantage that, when parliamentary time is found for Scottish law reform, it is often kept to a minimum by adding Scottish provisions on to the end of legislation primarily intended for England and Wales, or *gathering issues together* into a Law Reform (Miscellaneous Provisions) (Scotland) Bill.

PEOPLE

Sir Brian Corby, chairman of Prudential of the UK and former president of the CBI, has joined the board of Pan-Holding, a Luxembourg-listed closed-end investment company run out of Paris and New York by the Philippe family, grandchildren of co-founder Raymond Philippe.

Director Alain Philippe points out that the company has long had a senior figure from the Pru on its board, which currently counts 12 part-time directors of a variety of natiooalities. Geoffrey Haslam, 78, deputy chairman of the Pru between 1980-1984, retired from Pan last December; "he told us he thooght Sir Brian would be a good replacement," says Philippe.

Pan-Holding's longstanding chairman, Rowland George, has just died, aged 98. "He wasn't able to travel in his last year, hut the other board members would go to the US and visit him; he was still very helpful," says Philippe.

Other current board members include Lord Roll and Sir Siegmund Warburg, a friend of Alain Philippe's father Pierre, who was on the board from 1958 until his death in 1982.

Pan was set op in 1931, making it one of the oldest continental European investmeot vehicles that spread its assets internationally. At the end of May this year funds under management, on behalf of institutional and retail investors who want to "minimise risk in volatile times rather than to chase indices", according to Philippe, totalled $315m.

Insurance moves

■ Roy Hurley, 50, has parted company with AA Insurance and Financial Services, having directed its rapid expansion in the late 1980s. Jim Atkinson, who has previously held responsibilities for insurance sales, operations and service, has been appointed acting managing director of AA Insurance, while AA Financial Services will until further notice report directly to AA group md, Bob Chase. Hurley, md since 1987, left on what the company describes as "mutually agreed terms".

AA sells more than 3m home, motor and other personal lines policies, hut has recently come under pressure from "direct insurers" such as Direct Line and Churchill.

■ John Ng Seng Leong is to be md of WILLIS FABER (PTE), the Willis Corroon Group's Singapore subsidiary, in succession to John Kuyper who will remain as a director.

A pain of political and corporate dimensions

Britain annually loses 67m working days through hack pain, at an estimated cost of £3bn, yet one of the lesser-known UK charities is the 25-year-old National Back Pain Association. Its new executive director, retired Major General Malcolm Hunt, 54, likes to joke that "having been a pain in the backside for 35 years in the Royal Marines I felt well-qualified to do the job".

He is certainly up to putting backbone into an organisation which has not been a roaring success at fund-raising having led 40 Commando during the 1982 war with Argentina. His affection for the South Atlantic was such that his last military appointment was as commander of all three services in the Falklands and South Georgia. The type of organisational and managerial skills required for an undersung charity will have been well-honed in running the bleak Falklands military outpost at Mount Pleasant.

"It's a stimulating subject, with political, medical and business dimensions to it," he says. Though total income has grown from £192,000 in 1991 to about £475,000 this year, the husinees community, Hunt feela, is surprisingly slack about assisting a charity, the results of whose research much more directly impinge on employment than what he calls the "cuddly charities".

Hunt suffers no back problems himself, though he says: "There are something like 20m back-pain sufferers in this country, with 2m-3m chronically disabled by it. That results in the equivalent of a city the size of Coventry – about 230,000 people – closing down each day."

Colourful brush with the gods

Mary Rose Beaumont reviews Alan Davie at the Barbican

"The Quest for the Miraculous" is the subtitle of Alan Davie's retrospective at the Barbican. One could say that, one way or another, we are all Questing Beasts but that, in the nature of things, the artist is more likely to attain the Holy Grail than the rest of us. Of course it all depends on one's understanding of the word "miraculous". For me the best definition of it was the late Harold Hobson's phrase "the authentic frisson", that spontaneous shiver of recognition when one is present and a thrilling moment in a performance or when one sees a picture which is touched with genius. The Surrealists called it "the marvellous", something rich and strange. For Alan Davie it is a spiritual quality which includes magic and the occult, a brush with the gods maybe.

Davie himself wrote that and "the mysterious element of colour . . . is something utterly magical to me." The colours in his paintings certainly sing, reminding us that Davie is also an accomplished musician, and the fact that he considers colour to be a mysterious element implies that the making of art is for him a journey whose end is uncertain. The element of discovery and the quest for the miraculous lies for him in the process, the imagery being dredged up from the unconscious along the way.

Despite his globe-trotting and his intense interest in other cultures, Davie's sensibility is essentially Scottish, that is to say Northern European. Born in Grangemouth in 1920, he attended the Edinburgh College of Art from 1937-1940. Perhaps it was the intervention of wartime service which prevented him from being a second generation Scottish Colourist. As it was he became aware of Pollock, Motherwell and Rothko well before his contemporaries, marrying their freely-painted Abstract Expressionism to his own Celtic heritage. The paintings of the 1950s show clearly his indebtedness to Pollock's masks and anthropomorphic figures and to the configurations of Motherwell's "elegies to the Spanish Republic".

Signs and symbols of an esoteric kind increasingly appear in his work from the beginning of the 1960s, as he became more interested in oriental religions and primitive cultures. Imagery borrowed from Zen Buddhism, Jain cosmology, Hopi geometrical patterns and Aboriginal bark paintings are all combined with Celtic crosses and Egyptian ankhs in a gloriously rich stew, so skilfully cooked that the different flavours are impossible to isolate.

Davie is popularly regarded as an abstract painter, but he is no more an abstract artist than was Miró. All sorts of flora and fauna pop up in his paintings: dogs, snakes, birds and insects, not to mention monsters and what he specifically called "earth spirit". Some of the paintings include texts in a variety of languages, some hieroglyphic and cryptogrammatic, often obscure and incantatory.

The recent work has become more linear, the forms expressed with a greater clarity, even if their meaning is as shrouded as ever. Davie thinks of the artist as an "archpriest", a shaman, which certainly embraces a degree of magic, but I baulk at the Miraculous, the authentic frisson having escaped me (to September 5).

*

In the Concourse Gallery at the Barbican the Printmakers Council, a self-governing body, is holding an exhibition of members' work, some 250 pieces in all, a colourful assortment of pictures, framed and unframed, in a wide range of technique. All paintings, watercolours and mixed media pieces are included to acknowledge that printmakers are more than just that. All works are for sale with prices ranging from £50 to £3,000. For me the star of the show was a small hologram by Joyce Peck of the *Medusa*, a snip at £120. As the viewer moves his head from side to side the Medusa's snaky locks weave and duck in concert, a spellbinding experience (to July 28).

*

Michael Rothenstein RA, who died on July 6 aged 85, was one of the most inventive printmakers of the second half of the 20th century. After studying at Chelsea and the Central Schools and Art he became a painter in watercolours, only turning to printmaking in 1946. A visit to Stanley Hayter's *atelier* in Paris opened up new technical possibilities in graphics. Objects of lowly origin – urban detritus, wood offcuts, metal debris, newspaper photographs – were all grist to his mill, transforming and extending the boundaries of printmaking. At his home in Great Bardfield, Essex he worked in lithographs, monotypes, etchings, linocuts, woodcuts, screenprints, and mixed media.

He became an ARA in 1977 and a full Academician in 1984. He exhibited and taught widely as a printmaker. His imagery is wide ranging, often topical, but if there is one particular motif with which he has been identified beyond any other for some 40 years, it is that of the Cockerel, which for him encapsulated energy, violence, aggression, beauty and excitement, a suitable metaphor for his work.

But Rothenstein never forsook painting, the medium with which he had begun. The present exhibition at Flowers Graphics, 199-205 Richmond Road, E8, shows graphic work from the late 1960s to the present day and paintings made in 1993, as energetic and lively as ever. Ceramic bowls, jugs and platters, decorated with typical Rothenstein beasts and flowers, are available in a limited edition (to August 1).

A catalogue raisonné, *The Prints of Michael Rothenstein* by Tessa Sidey, containing over 500 illustrations, has just been published by the Scolar Press, £95.

'Tigrette', 1989, by Alan Davie

Promenade Concerts/**Andrew Clements**

French Lessons

The BBC Philharmonic Orchestra's contribution to this year's proms is second only in extent to that of its London sibling the BBC Symphony. The first two of the Philharmonic's five concerts occupied the Albert Hall on Saturday and Sunday; the orchestra's Principal Conductor Yan Pascal Tortelier conducted both of them – a mixed programme of showpieces in the first, Berlioz's dramatic symphony *Roméo et Juliette* in the second.

There is no longer any need to emphasise that the BBCPO has shaken off all suggestions that it is an inferior provincial counterpart of the glamorous metropolitan bands; the reputation for serious, committed music making forged under its previous conductor Edward Downes is undoubtedly being sustained in the quality of tone and ensemble under Tortelier, even though his tastes in repertory diverge quite sharply from those of his predecessor.

Tortelier unsurprisingly is most at home in French music and the novelty in the first of these proms was his own orchestration of Ravel's Piano Trio. Beautifully crafted, if a little on the sweet-toothed side, the trio was transformed into a four-movement orchestral piece of almost symphonic power and range, even if that was never enough to displace memories of the original's intimate and more delicate, subtle poetry. Tortelier followed his confection with Respighi's *Pines of Rome*, all Technicolor glitz and glitter and complete with real nightingales, or rather real recordings of real nightingales.

What substance there was in the programme was concentrated in the first half. Cécile Ousset had provided real incisiveness in Rakhmaninov's Paganini Rhapsody, powering through the bravura and giving the lyrical pools relatively short shrift, but Tortelier had covered Tchaikovsky's Fantasy Overture *Romeo and Juliet* with a heavy romantic impasto, never even momentarily energising its tensions to provide the necessary dramatic contrast.

In Berlioz's evening-long treatment of the same theme there was still a tendency to overcook the lyrical intensity, verging on mannerism in the slow, precious moulding of the Love Scene and some slightly too obvious theatrical pauses, but the faster music moved with élan, and a sureness of texture for which the orchestra also deserves much credit. The Queen Mab Scherzo came off best of all, uncomplicated extroversion of the kind which contained no hidden snares, but the solo instrumental playing was consistently reliable.

The chorus was supplied by the Huddersfield Choral Society, mustering a convincing dynamic range, though a slightly smaller body of singers might have offered more flexibility, and the excellent soloists were Marie-Ange Todorovitch, Anthony Rolfe Johnson and John Tomlinson. Tomlinson, in magnificent voice, caught the ear most strikingly; Friar Laurence's monologue was the evening's highlight, overwhelming in its power and eloquence.

Royal Albert Hall and BBC Radio 3

Opera/**John Allison**

Iphigénie en Tauride

The English Bach Festival production of *Iphigénie en Tauride* received high praise on this page last year – Max Loppert called it "the peak of EBF achievement in recent years". So it was appropriate that the company's 30th anniversary, celebrated at the Royal Opera House on Sunday, should have been marked by a repeat staging of Gluck's penultimate opera.

The revival brought one major change of cast: the baritone François Le Roux as Orestes. He is a stylish singer, with (naturally) fine French delivery – a pleasure to listen to. The other principals were returning, and it was no less a pleasure to encounter Jennifer Smith's freshly voiced Iphigenia. Her flexible, well-projected soprano conveyed the music's myriad moods – most affecting was the way she plumbed the depths of despair in her lament "O malheureuse Iphigénie". Andreas Jäggi was an accomplished Pylades who used his smallish tenor deftly; only the bravura demands of "Divinités des grandes âmes" defeated him. Donald Maxwell was incisive as the tyrant Thoas, and Fiona Rose's Diana was effective in her climactic last-act entrance.

The company is fortunate in having the services of the energetic conductor Marc Minkowsky, a specialist in this genre. His was a dramatically paced account, light and crisp. The period orchestra sounded thrilling at Covent Garden, limpid in the opening minuet, biting in the palpitating accompaniment prior to Orestes's nightmare, raspy in the Janissary effects which Gluck deploys for the Scythian dances.

English Bach Festival's approach to works of this period is justly acclaimed, and accords well with the heroic style of Gluck. Alain Germain's production is a breathtaking spectacle, complete with ballet (choreography by Stephen Preston) and costumes (by Terence Emery) based on late-18th century models. It is much more than a "concert in costume", even if at times it does not wholly capture the turmoil Guillard's libretto suggests – the Act 4 recognition scene seemed restrained.

Perhaps in its serenity the staging echoes Gluck's poignant use of major keys in denoting terrible grief. The work contains so much inward psychological action that it can lend itself to expressionistic treatment at the hands of "concept" producers – and at least this period-conscious staging preserves its timeless quality.

The virtues of *Iphigénie en Tauride* are sung more frequently than the opera itself, so it is a pity that this performance was a one-off. The production will be given twice at next month's Athens Festival.

Air of limbo in Munich

Andrew Clark reviews Strauss and Shostakovich at the Opera Festival

After a year on the move, while algae were removed from the expensive new hydraulics system in Munich's National Theater, the Bavarian State Opera is back in its home for the July opera festival, specially extended this year to six-and-a-half weeks. Wolfgang Sawallisch has gone, Peter Jonas has yet to arrive. Despite the pleasure of being back in familiar surroundings, there is an air of limbo. That much was clear from *Die Frau ohne Schatten* and *Lady Macbeth of Mtsensk*, which – along with *La traviata*, to be staged later this week by the avant-garde director Günter Krämer – are the festival's new productions.

The Strauss was new to Munich, but was first seen last November during the company's tour of Japan. Its prime motivator was Sawallisch, whose long association with Japan and admiration for its culture prompted the idea of a Kabuki interpretation – at first sight quite plausible, given the opera's pseudo-oriental setting. By the time the production reached Munich, however, it had lost Sawallisch and two members of the original cast, and the Kabuki actor-director Ennosuke Ichikawa was not present to restage it. The result had the taste of a poorly reheated meal.

The visual language of Kabuki (designs by Setsu Asakura and Tomio Mohri) produced some striking stage pictures in the naive fairy-tale world of the Emperor: ceremonial costumes, gilded head-dresses and exotic back-cloths, including an awesome Buddha-like image of the Emperor turning to stone. Most eloquent of all was the pagoda-setting for the Empress's dream in Act 2, haunted by a red-plumed human Falcon whose preening gestures would have done credit to an oriental aviary. True to Kabuki style, the action had a ritual mime-like quality, and there was some authentic stage magic.

But when it came to characterising the more mundane surroundings of Barak's world – a mosaic of strip-curtains and the headscarf-and-smock costumes of central Asian nomads – the Kabuki experiment began to founder. Now needing to animate the stage according to the rules of European theatre, Ichikawa had nothing to say. Barak and his entourage had about as much expressive vitality as paper cut-outs, while the Empress scuttled around like an outsize, out-of-place geisha. Unlike Jean-Pierre Ponnelle's Cologne production of the late 1970s, which also took Kabuki as its reference point, Ichikawa's *Frau* showed no synthesis of theatrical traditions. At best, it taught Munich's opera-goers something about Kabuki; at worst, it was an expensive gimmick, which failed to scratch the surface of this problematic work.

The cast, dominated by Americans, was unable to make up the deficit – or justify festival seat-prices. The Kabuki style gave Luana DeVol's Empress little scope for personality, and she lacked the vocal radiance for the part. Kenneth Garrison's Emperor, looking like a mobile museum dummy, had a wretched time with Strauss's awkward tenor writing and was mercilessly booed. Despite their hamstrung impersonation of Barak and his wife, Alan Titus and Janis Martin sang well – particularly Miss Martin, who is in better voice than ever. Reinhild Runkel missed the witch's venom which has distinguished her Nurse on previous occasions. In the pit, Horst Stein proved a reliable guide to Strauss's musical architecture and instrumental delicacies – without matching the fluidity and sense of inexorable sweep that lifted Sawallisch's performances.

The Shostakovich production, sung in German, at least had in Hildegard Behrens a singer-actress capable of carrying the show alone. Katerina Ismailova is a part to which Behrens's talents are perfectly matched: here was the personification of human vulnerability and frustrated sexuality, every note and gesture wedded to the heartfelt emotions being expressed.

But what a shapeless, mediocre staging! Too blunt for satire, too superficial for tragedy, the action unfolded like a cheap catalogue of bonk and bestiality, punctuated by moments of unintentioned comedy. The German film director Volker Schlöndorff made the fatal mistake of "choreographing" Shostakovich's brilliantly descriptive interludes, for some of which the brass section of the orchestra trooped on stage like a village band – undermining the already fragile technical control of the conductor, Peter Schneider. There was no hint of the grotesque, no sense of the epic course of destiny, no engagement with the work's radical film-like quality – nor any compensating atmosphere in Viktor Volsky's grey geometric ramps and gauzes.

Kenneth Riegel proved that Sinovy need not be a wimp to be credible. Donald McIntyre, with what voice that remains, captured the geriatric randiness of the despotic Boris. Alfred Kuhn gave a delicious cameo as the degenerate priest. Kurt Schreibmayer, a handsome blonde Sergey, demanded more of his light tenor that it had to offer. In all, a limp, misdirected evening.

Theatre

Trios

The bonds of marriage are so heavy that it takes two to carry them – sometimes three. Edmund White's *Trios* at the Riverside Studios is a many-sided look at a series of eternal triangles: two men and one woman in three different situations. It has moments of trenchant drama spread across a lengthy three-hour span, and worth seeing for the quality of acting alone. (Biography is what one would normally associate with Edmund White. His biography of Jean Genet was published this month.)

The first trio is a set of 1980s New York loft dwellers, an impotent artist with a libidinous actress wife and her grad-school lover. The two men bond over TV football and *The Joy of Cooking*. The wife's unexpected jealousies emerge. The husband concludes, "You need the love of new people," the 1980s version of the comfort of strangers.

The second moves the action to 1920s below-stairs England, where a brutal chauffeur torments his deaf wife while the horrified young butler looks on. Eventually, the butler plans to elope with her to Australia, but as they embrace for the first time, her husband shoots them dead.

The third depicts a 19th-century society hostess who takes up with a student living in the provinces. The scene in which she leaves her husband is the most acute of the evening: "Do you like it, our marriage?" she asks, challenging him to be direct for once. He unleashes a speech about tact, instead.

The three pieces are intercut, with furious costume changing on the vast Riverside stage, and musical divisions from Bach to Lieder to country and Western. The wish to fall into someone else's arms without falling into their hands is the principle of each encounter. White's writing is rarely exciting and rather too well wrought. But the juxtaposition of times works well enough on stage, and he manages to convey that those words "I love you" are the most and least personal one can say, simply because everyone is intimate in this way.

The acting of Kelly Hunter, Robert Langdon Lloyd and Charles Edwards is uniformly excellent. Each finds an edge and scope within their characters, although Hunter has more variety to work from. Simon Usher's direction moves them around the minimal set in a way that focuses attention on a particular scene, yet which suggests the possibility of other scenes across the expansive stage.

Andrew St George

The Riverside Studios, Hammersmith, London W6, (071) 748 3354, until July 31

INTERNATIONAL ARTS GUIDE

AMSTERDAM

Concertgebouw Tonight: Hilliard Ensemble plays music from 12 countries and five centuries. Thurs: Tatiana Nikolaeva plays Shostakovich's First Piano Concerto with Lithuanian Chamber Orchestra. Fri: Imogen Cooper piano recital. Sun: Ofra Harnoy is cello soloist with European Community Chamber Orchestra. Next Tues: Augustin Dumay and Maria Joao Pires (24-hour information service 875 4411, ticket reservations 671 8345)

ATHENS

Odeon of Herodes Atticus Ballet de l'Opéra de Paris gives five performances over the coming week, featuring the Nureyev production of La Bayadère tomorrow, Thurs and Fri, and e Balanchine programme next Mon and Tues (322 1459)
Epidaurus The annual festival of ancient drama in the 1400-seat amphitheatre at Epidaurus has performances on most weekends throughout the summer. Next performances are Menander's Samia on July 31 and Aug 1. Tickets are available daily at the Athens Festival box office (322 1459) or at the theatre of Epidaurus on Thurs, Fri and Sat (0753-22006)

CHICAGO

RAVINIA FESTIVAL
Tonight: Golden Boys of Bandstand. Tomorrow: Henry Mancini and orchestra. Thurs: James Tocco and friends play piano quartets by Brahms and Schubert. John Nelson conducts Chicago Symphony Orchestra in works by Stravinsky, Schubert and Brahms on Fri with piano soloist André Watts, and Donizetti, Gershwin and Previn on Sat with soprano Kathleen Battle. Sun: Erich Kunzel conducts an evening of Lerner and Loewe. Next Mon: Olli Mustonen piano recital. Next Tues: Joan Baez. (Tel 312-728 4642 Fax 708-433 4582)

COPENHAGEN

Tivoli Tonight, Thurs, Sat: concerts by delegates to World Harp Congress. Tomorrow: Sergiu Commissiona conducts Tivoli Symphony Orchestra in works by Franck, Rakhmaninov and Ravel. Fri and Sun: Artur Rubinstein Philharmonic Orchestra plays works by Schumann, Langgaard, Chopin and Ravel. Next Mon: Brigitte Fassbaender song recital. July 28: Riccardo Chailly conducts Gustav Mahler Youth Orchestra (3315 1012)

ISTANBUL

The final week of this year's Istanbul Festival consists of performances by South African jazz pianist Abdullah Ibrahim (tonight), the Charlie Haden Quartet (tomorrow) and the John Scofield Quartet (Thurs), all at Ataturk Culture Centre. The closing concert on Fri at St Irene Church features the Stockholm Chamber Orchestra conducted by Joseph Swensen, with violin soloist Rafael Oleg (260 4533)

LONDON

THEATRE
● The Taming of the Shrew: Bill Alexander's play-within-a-play treatment of Shakespeare's comedy. Opens tonight (Barbican 071-638 8891)
● Misha's Party: world premiere of new play set in Moscow during the 1991 attempted coup. Co-written by Richard Nelson and Alexander Gelman es a joint commission from RSC and Moscow Art Theatre. Final preview tonight, opens tomorrow (The Pit 071-638 8891)
● The Mountain Giants: William Gaskill directs a National Theatre production of Pirandello's unfinished play about theatrical illusion (Cottesloe 071-928 2252)
● Oleanna: David Suchet stars in British premiere of David Mamet's powerful drama about sexual harassment and political correctness, directed by Harold Pinter (Royal Court 071-730 1745)
● The Last Yankee: Arthur Miller's subtle play about the anxieties of two middle American couples, directed by David Thacker (Duke of York's 071-836 5122)
● Separate Tables: Terence Rattigan's double bill about seaside hotel guests facing old age and loneliness, starring Peter Bowles and Patricia Hodge (Albery 071-867 1111)

MUSIC/DANCE
Covent Garden Tonight, Thurs, Sat: Valery Gergiev conducts John Cox's new Royal Opera production of Eugene Onegin, with Sergei Leiferkus, Galina Gorchakova, Gegam Grigorian and Nicolai Ghiaurov. Tomorrow and Fri: Bernard Haitink conducts Johannes Schaaf's production of Don Giovanni, with Thomas Allen, Claudio Desderi and Karita Mattila. July 26-Aug 7: Birmingham Royal Ballet season featuring Sleeping Beauty, Romeo and Juliet and mixed bill (071-240 1066)
Coliseum Kirov Ballet season: this week's performances are Le Corsaire and Konstantin Sergueyev's staging of Sleeping Beauty. Daily except Sun till July 31 (071-836 3181)
Savoy English National Ballet opens the newly restored theatre with two triple bills featuring choreographies by Fokine/Markova, Roriz, Sleep and Tetley. Daily till Sat (071-836 8888)
Royal Albert Hall BBC Proms: in tonight's concert, Andrew Litton conducts Bournemouth Symphony Orchestra in works by William Schuman, Walton and Tchaikovsky, with violin soloist Tasmin Little. Tomorrow: Bach's B minor Mass. Thurs: Mark Elder conducts CBSO. Fri and next Mon: Alexander Lazarev conducts BBCSO. Sat: Tilson Thomas conducts LSO. Sun: Libor Pesek conducts RLPO, with piano soloist Garrick Ohlsson (071-589 8212)
South Bank Centre Tonight, Thurs: Glyndebourne Festival Opera concert performances of The Merry Widow, starring Felicity Lott. Tomorrow: Franz Welser-Möst and George Benjamin conduct LPO in works by Goehr, Benjamin and Messiaen. Fri: Viennese evening with soprano Ann Mackay. Fri and Sat (QEH): Markus Stenz conducts Ensemble Modern in works by Benedict Mason, Simon Holt and others. Sun: London Sinfonietta plays Ligeti, Murail, Boulez and others. Next Tues: English National Ballet opens three-week season with Swan Lake (071-928 8800)
Barbican Kronos Quartet is in residence with a series of unconventional programmes from tomorrow till Sat (071-638 8891)

MILAN

Teatro alla Scala Tonight and tomorrow: Daniele Gatti conducts the Pizzi production of Tancredi, with alternating casts including Chris Merritt and Mariella Devia. End of season (7200 3744)

ROME

ROMAEUROPA
Tonight, tomorrow, Fri at Palazzo Farnese: piano recitals by Rudolf Buchbinder, Georges Pludermacher and Jean-Marc Luisada. Tonight, tomorrow, Thurs, Fri at Villa Massimo: Nederlands Dans Theater. Tomorrow at Austrian Cultural Institute: Ensemble für neue Musik Zurich plays works by Klaus Huber and others (4890 4024)

TURIN

Teatro Regio Tonight and tomorrow (Piccolo Regio): Moshe Efrati Koldmama Dance Company. Tomorrow and Thurs: Les Ballets de Monte Carlo in choreographies by Fokine and Balanchine (8815 241)

WASHINGTON

THEATRE
● The Phantom of the Opera: Andrew Lloyd Webber's musical, directed by Harold Prince. Till Aug 28 (Kennedy Center Opera House 202-467 4600)
● The Twilight of the Golds: Jonathan Tolins' witty family drama, with moral, emotional and physical undercurrents. Till Aug 1 (Eisenhower Theater 202-467 4600)
● Lend Me a Tenor: a farce of operatic lunacy by Ken Ludwig. Till Aug 1 (Olney Theater 301-924 3400)

MUSIC/DANCE
Wolf Trap Tonight, tomorrow: Pittsburgh Ballet Theatre in choreographies by Balanchine and de Ribere. Fri: David Zinman conducts Baltimore Symphony Orchestra in works by Mozart, with pianist Christian Zacharias. Sat, next Mon and Wed: Wolf Trap Opera Company in La clemenza di Tito (1624 Trap Road, Vienna, Virginia, 703-218 6500)
Baltimore Symphony Tonight, Thurs: David Zinman conducts two Mozart programmes, featuring piano soloist Christian Zacharias (Joseph Meyerhof Symphony Hall, Baltimore 410-783 8000)
Blues Alley Jazz Supperclub Thurs: Strunz and Farah, Latin jazz, guitar. Fri, Sat, Sun: singer Mark Murphy (1073 Wisconsin Ave, in the alley, 202-337 4141)

ARTS GUIDE
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Wednesday Super Channel: Financial Times Reports 2130
Thursday Sky News: Financial Times Reports 2030; 0130
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Sky News: Financial Times Reports 0530
Saturday Super Channel: Financial Times Reports 0930
Sky News: West of Moscow 1130; 2230
Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

When money grows on trees

James Buxton on the possible privatisation of British forests

The prospect of Britain's forests being sold to the private sector has produced an unlikely alliance of environmentalists, ramblers, timber users and private landowners. They are fighting to preserve the independence of an old enemy, the Forestry Commission, which owns and runs the UK's state forests.

The government, they argue, is about to undermine progress made by the commission, just when it has been getting it right, pursuing policies in the past few years that address both environmental and commercial interests.

Their fears have been sparked off by a ministerial review committee, charged with examining Britain's tree-planting strategy and the future ownership of forests. Campaigners have until the end of next week to make their concerns known to the committee, which reports to ministers at the end of this year.

While the government has not said publicly it wants to sell the state forests, it has made it clear that ownership is up for discussion. Campaigners fear that current budgetary pressures will tip the balance in favour of privatisation.

The government reorganised the Forestry Commission last year, creating a more commercially orientated division, Forest Enterprise, to run and manage the 2m acres of state forests and woodlands that cover 5 per cent of Britain's land area. This left more general matters of regulation and policy with the commission. Environmentalists believe that Forest Enterprise is being groomed for sale.

The sale of state forests has long been demanded by the Conservative right and by some private foresters, who argue that the forests in private hands would be more commercially dynamic.

Conservationists say that private owners would adopt less environmentally sensitive planting policies, while ramblers fear the right of public access to Forestry Commission woods would disappear.

The debate over possible privatisation, however, threatens to divert attention from the committee's main task of reviewing the system of incentives for tree planting put in place in 1988. But the two issues are intertwined.

It was in his 1988 Budget that Mr Nigel Lawson, then chancellor of the exchequer, announced the replacement of tax incentives for planting trees with grants. At the same time, tree planting became more tightly controlled – new conifer plantations now have to contain at least 5 per cent of broad-leaved, or deciduous, trees such as alder or oak.

The measures were in response to the growing unpopularity of the conifer forests spreading across Britain's uplands. These were part of government policy dating back to 1919 to reafforest Britain after industrialisation and war. While conifers suit the timber industry because they are more commercially useful, there was a growing demand from conservationists and ramblers for more diverse and attractive woodlands, more suited to wildlife and recreational use.

The tax concessions, whereby the cost of tree planting could be offset against income tax, had become discredited in the mid-1980s. Environmentalists discovered that trees were being planted on behalf of individuals, such as TV personalities, as a means of avoiding tax rather than being part of a national planting strategy.

Tree-planting fell sharply when the tax concessions ended, dropping from a peak of 25,400 a hectare in the year to March 31 1989 to 15,000 a hectare in the last financial year.

For the timber users, state ownership of the forests underpins steady supplies. Forest Enterprise provides saw mill companies with timber largely irrespective of timber prices, with any loss covered from its subsidy (about £45m this year). Timber users fear that private owners would sell wood only when timber prices were good.

And big timber processors with long-term supply contracts with Forest Enterprise fear these would not survive privatisation. Some landowners, meanwhile, are worried that foreign companies would buy Britain's forests cheaply.

On the other side of the argument, private foresters believe that the best way of ensuring a ready supply of the right sort of timber is to privatise. "Privatisation would take the [Forestry] Commission's 40 per cent share of Britain's forestry out of the secretive, inefficient world of the civil service," says one private forester.

Mr Peter Johnson, chairman of Tilhill Economic Forestry, which plants and manages woodlands, says the current rate of planting is even worse than the official figures suggest, because less than one-third of current planting is "commercially significant". Mr Len Yull, Tilhill's marketing director, explains: "The only trees that provide the timber which industry can use, in building homes or making furniture or making paper, are conifers. Yet we are being encouraged to plant broadleaves which are often purely decorative, or if commercial will not mature for 80 years." Conifers mature in 40 years.

He adds: "It's a tragedy because Britain is ideal for commercial forestry. Because of our climate, our trees grow up to twice as fast as in Russia and Scandinavia which we import from." Britain meets only about 13 per cent of its timber needs from its own forests and it had a £4.5bn trade deficit in timber-based products in 1991.

Supporters of private sector forestry are lobbying for two things. First, they say, the government should even out the subsidies for agriculture and those for forestry. "There is too little tree planting because land that could be used for forestry is too expensive. It is too expensive because the subsidies available for farming it are much higher than those for planting trees on it," says Mr Craig Campbell of the Scottish Council Development and Industry.

Second, changes in the tax system are required to attract investment in forestry by individuals, now that the tax breaks have gone. It is suggested that the Treasury should change the tax rules to encourage companies and unit trusts to invest in forestry.

Environmental and leisure interests could be met, says the pro-privatisation lobby, by splitting off woodland primarily of amenity value (for example, the Forest of Dean, Gloucestershire) to be run by conservation groups or local authorities. Commercial forests would be sold separately.

In the end, the voice of the Treasury could be decisive, although the state forests might raise only about £1bn, against a public sector borrowing requirement this year of £50bn.

The government may conclude that it would be cheaper to ignore calls for more tree planting and leave things as they are. This would do nothing to improve Britain's timber trade – yet there is no guarantee that private operators would be any more successful than the Forestry Commission at balancing commercial needs with environmental and leisure interests.

Trevor Humphries
Under the axe: foresters say too few trees are being planted

The chancellor's dilemma: an inside view

Few corners to cut

The best way to reduce public borrowing would be to cut public spending, because there is no doubt that it would work. Tha alternative, raising tax rates, is considered a poor second best by financial markets. They worry that high tax rates damage incentives, reduce growth, and may not produce the hoped-for extra yield.

Unfortunately, cutting public spending is more easily said than done. General government expenditure has grown, year in year out, for 30 years, regularly coming in above target. That was true even under the Thatcher governments, dedicated to reining back public spending, when "the cuts" became a fact of life and were blamed for everything from shortages of school books to potholes.

But Mrs Thatcher's approach to public spending, based on plans, did achieve a reduction in its rate of growth in *real* terms. (Public spending grew more slowly than the rate of inflation in the late 1980s when unemployment, and associated benefits, started to fall.) It also reduced the share of national income devoted to public spending.

That was an historic achievement, because (as the chart shows) public spending has tended to take an increasing share of GDP since the war. Earlier Conservative governments bad at best managed to hold the share constant, while Labour governments of the 1960s and 1970s presided over some spectacular increases.

However, the most important influence on the public spending share is not the complexion of the government. It is the economic cycle. The share has risen especially sharply in recessions (1966, 1975, 1980). It fell steadily in the long boom of the 1980s, but has risen again sharply in the recession of the early 1990s. So after a decade of "cuts", the public spending share is now actually higher than when Mrs Thatcher took office, and only 2 per cent lower than in the recession of the early 1980s.

The political result is that the government is now accused of inadequate provision of public services by Labour and of inadequate control of spending by its own back-benchers. Both sets of charges seem to stick. Why?

The answer lies in the way public spending is planned. Fine-sounding, but vague, commitments appear in election manifestos. These are costed in the sponsoring departments. The costs are then added up by the Treasury and compared with the total in the Budget. Invariably departmental bids exceed available cash. That is when we read that "the Treasury demands cuts".

Every department then goes into the bleeding stumps routine, briefing friendly journalists on the appalling consequences for their programmes of meeting Treasury demands. The aim is to strengthen the hand of their minister in the cabinet battle to set public spending priorities. The usual outcome is that the Treasury allows some increase in the public spending ceiling, but not enough to accommodate all bids. The losers thus complain bitterly about "cuts", on which they blame any shortcomings in the service they are supposed to provide.

This time-honoured ritual ensures that, while spending plans are revised steadily *upwards*, the public only hears about cuts. Few understand the crucial difference between *cuts from bids*, and *cuts in plans*. The former happen every year. The latter almost never.

That has implications for the problem of the Budget deficit. To reduce it requires cuts in spending *plans*. The cabinet decision on public spending in June, billed the toughest for 15 years, promised large cuts in bids but not in plans. This does nothing to reduce tha huge borrowing requirement over the next fsw years. It only stops it getting worse.

Why do the costs of meeting existing commitments rise so inexorably? Inflation can obviously make it difficult to stick to plans drawn up in cash terms. Demographics is a commonly cited factor: an ageing population costs more in pensions and health spending. The difficulty of improving productivity in the jobs-for-life public sector culture is also often blamed.

These are important factors, but inflation has not been a problem recently, while demographics have been reducing the number of children to be educated. That bas not stopped the education budget from drifting upwards along with the health budget.

In these two areas, rising expectations put continuous upward pressure on spending. The point about health and education is that, if they were left to the markets, spending on them would probably be higher. The richer people get, the more they want to spend on these services. The effect is not apparent if we compare one year with the next, but it is blindingly obvious if we compare today's levels of provision with what was available shortly after the war.

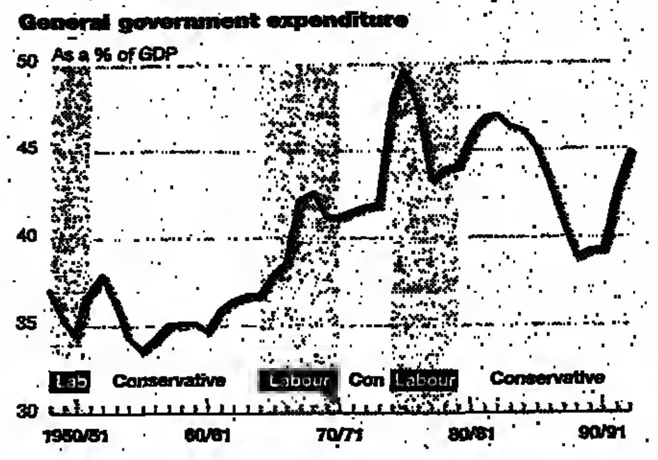
At that time, "free education" meant learning the three Rs in a draughty class room with bare floors inadequately heated by an open fire. The school-leaving age was 14 and few went to university. Today the idea of free education embraces philosophical discussions in comfortable seminar rooms in purpose-built universities. The school-leaving age is 16 and one in four goes on to higher education.

Rising expectations are even more apparent in the health service. Early post-war triumphs consisted in curing some infectious diseases with the new wonder drug penicillin and limiting the spread of others by mass inoculation. Since then, technical progress has given us open heart surgery and liver dialysis, available at doctors' discretion on the national health. We are starting to debate whether cosmetic surgery – including removing self-inflicted tattoo marks – should be available on national health.

The rising costs of public provision in health and education thus reflect steadily rising standards, demanded most vociferously by the articulate middle classes. It will require a radical new approach to curb them. But the pressure on spending from health and education is dwarfed by the huge increase in the social security budget. That is the real cuckoo in the nest, and requires even more radical treatment. I shall return to the subject next week.

Bill Robinson

The author is former director of the Institute for Fiscal Studies and special adviser to former chancellor Norman Lamont



LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

World Bank let off too lightly

From Professor H W Singer.

Sir, In your otherwise well-balanced editorial, "Improving the World Bank" (July 15), there is one important matter on which you let the World Bank off too lightly.

You write: "Many failures are to be explained by adverse global developments, such as deteriorating terms of trade." This statement treats the deteriorating terms of trade as entirely an external factor, nothing to do with the World Bank.

However, some of us think, and believe we can prove, that the deteriorating terms of trade have a great deal to do with the type of structural adjustment programmes impressed by the World Bank (as wall as the International Monetary Fund) upon developing countries.

The pressure towards "outward orientation" simultaneously exerted upon so many developing countries exporting the same commodity has the predictable outcome of deteriorating terms of trade. This will also affect countries not directly subject to structural adjustment programmes but competing with countries which are.

The remedy must be for the World Bank (and IMF) to pay greater attention to aggregation problems, abandon their strict and blinkered country-by-country approach. It also follows that the world community must pay more attention to macro-economic management, including stabilisation of commodity prices.

H W Singer,
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Taiwan must be included in trade imbalance issues

From Mr Richard McCormack

Sir, I agree with your suggestion that Taiwan and others in East Asia should participate in discussions between the United States and Japan on trade imbalance issues ("Japan and the US at odds", July 6).

Taiwan, for example, enjoys a substantial trade surplus with the US that is roughly as large as its trade deficit with Japan. This is not a coincidence. While Taiwan bars finished Japanese cars and certain other consumer goods, it does permit the import of Japanese high-valne-added parts and components, which are then assembled in Taiwan and exported in large quantities as finished products to tbe US and elsewhere.

Factoring in the trans-shipped components, Japan's actual trade surplus with ths US is probably not mucb smaller than was the case during the peak of the high-dollar era.

Obviously this process has served as a tremendous stimulus to the economies of East Asia. Unless, however, opportunities for trade and investment become more balanced on both sides of the Pacific, the Golden Goose could lose some of its feathers, at best.

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Lesson in penal costs

From Sir Nicholas Fairbairn MP

Sir, In 1975 I asked Dr Summerskill, the then minister concerned, what was the cost of imprisonment or detention in England and Wales. The figures given were £165 a month or £1,979 a year for male prisoners and for female prisoners £231 a month or £2,773 a year. In Scotland the equivalent figures were £156.37p a month, or £1,876.43p a year. The equivalent figures for England and Wales in 1991-92 were £442 a week for male prisoners and £629 a week for female prisoners. In Scotland the equivalent figures for 1992-93 are £24,550 for a closed prison a year and £31,000 for an open prison or young offenders' institution, an increase of more than 15 times. In 1973-75 the cost of sending a child to a public school was greater than the cost of keeping a child in prison. Last year the cost of keeping an adult in prison was three times that of a residential public school. This would seem to be one unexplained example of why we have a deficit of £50bn and a borrowing requirement of £1bn a month. Perhaps the chancellor, home secretary and secretary of state for Scotland could explain how the cost of Eton is so much less than the cost of Wormwood Scrubs and the cost of Loretto so much less than Shotts Prison.

Nicholas Fairbairn,
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Consumers pollute water too

From Mr I C R Byatt.

Sir, Chris Smith, shadow secretary of state for environmental protection, writes (Letters, July 15) that where pollution cannot be prevented, the polluter and not the consumer should pay to remove it from water. He conveniently overlooks the fact that often when it comes to dirty water – where the big pressures pushing up bills are to be found – the polluter is, in fact, the consumer.

Industry already pays trade effluent charges. These should reflect the full cost of treating the effluent. Like Chris Smith, I would like to see the "polluter pays" principle extended – the motorist paying additional tax to deal with the pollution that runs off our roads, for example. Future taxes on agricultural chemicals are not going to solve the problems which require a clean-up now.

When calculating the increase in bills arising from obligations imposed since 1989, I assumed that investment would be paid for over the lives of the new assets, and that the companies would need to borrow to finance these new capital works.

The bigger the investment programme, however, the more bills may have to rise to maintain the financial ratios which are a pre-condition of borrowing.

This is one of the reasons why I advocate implementing obligations at a steady rate to avoid driving up financing (and other) costs by trying to do too much, too fast.

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Unfortunate if Tecs were to decide to downgrade training

From Dr James Murphy.

Sir, The disenchantment of the Training and Enterprise Councils with "training unemployed people for jobs when there are so few jobs to go around" is understandable ("Good try but could do better", July 14).

As the latest Labour Market Quarterly Report reveals, the success of their trainees in finding work is not overly encouraging. In tbe case of Youtb Training, only 49 per cent succeed in finding work, while for Employment Training this figure is 31 per cent.

Nonetheless, it would be unfortunate if merely because much training, like much education, is now an exercise in what employment secretary David Hunt describes as "social welfare", the Tecs were to downgrade training.

Naturally it is more exhilarating to be in the front line, fostering economic growth, than in the rear, patching up the casualties of economic decline: however it would be perverse if, on discovering that training is not the "midwife" of economic growth, the Tecs sbould decide that "nursing" the victims of economic decline is not, after all, a job for the enterprising. Given such a restrictive re-definition of their function, it should not surprise the Tecs if sooner or later someone asks: what do the enterprising actually do?

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Maastricht's last stand

LORD Rees-Mogg's attempt to challenge the ratification of the Maastricht treaty in the High Court will be an important test of British constitutional theory and practice. His arguments raise serious questions of principle, and deserve serious consideration. It is obvious, however, that Lord Rees-Mogg's appeal is not motivated purely by solicitude for the niceties of constitutional procedure, but is rather a political stratagem mounted for the purpose of blocking the substance of the treaty. This must to some extent overshadow the merits of his arguments.

Lord Rees-Mogg argues that the government's ratification process is constitutionally flawed because the bill does not cover the whole of the Maastricht treaty. In particular, it does not cover the social protocol, nor the chapter setting out the programme for a common foreign and security policy.

The reason why these aspects are not in the bill is that, in line with traditional legal principles, parliamentary approval is only needed for those parts of an international treaty which require domestic legislation or domestic public expenditure. This is the centre of the argument. The British government will no doubt argue that the missing elements will not involve legislation and expenditure, Lord Rees-Mogg that it will, and it is on this antithesis that judgment will turn.

But there could be a broader case for questioning whether these traditional legal distinctions, between domestic and foreign, are any longer really appropriate for the ratification of a European Community treaty. Much of what is in Maastricht is framed as plans for future action; in the case of foreign policy, it does not specify what that policy will be, because it cannot; we cannot be sure in advance, therefore, whether it will call for domestic legislation or expenditure.

The government opposes a referendum, on the grounds that parliament is and remains the appropriate locus for democratic decision-making. Yet this claim is hardly consistent with a ratification procedure which is explicitly designed to exclude parliament from those parts of the treaty which in theory are purely foreign or inter-governmental. It is obvious that Maastricht is a far-reaching agenda for the future direction of European integration, in which the whole is more significant than the sum of the parts. If we rely on parliament to express democratic approval of the treaty, at the very least it ought to be able to express its political approval of the whole of the treaty, even if this involves an innovation in British constitutional procedure.

None of this alters the fact, however, that the most pressing need is for the treaty to be ratified with the procedures as they exist. The government is obviously in great embarrassment over the danger that it may on Thursday be voted down on the social chapter, by an unholy alliance of the Labour party and its own party's Eurosceptics. But it should not allow this event to deflect it from its top priority, which is the completion of the parliamentary procedures required for ratification.

The FT opposes the social chapter because this is not the moment to run any risk, however small, of adding recklessly to Europe's labour costs. This may well be a weak, however, when the government frightens its own rebels with the prospect of a treaty which removes Britain's opt-out. The bottom line on Maastricht is that the government will be justified in using whatever tactics are required to complete what has been a mostly unilluminating parliamentary process. Stratagem must be matched against stratagem.

Howard's choice

THOUSANDS OF British police officers are due to demonstrate at Wembley later today against radical proposals to reform their pay and conditions from the government-appointed Sheehy committee. They are resisting recommendations to introduce fixed-term contracts, to relate pay to performance and to lift their retirement age from 55 to 60.

Mr Michael Howard, who was appointed home secretary after Sheehy was commissioned, has yet to reveal where he stands. Such a wait-and-see approach is sensible because, when his response comes, it will need to be wise. While it is essential that the police's restrictive practices are rooted out, change should ideally be accomplished without antagonising those within the force who can be won over for reform.

The central objective should be to reform practices which virtually guarantee jobs for life. The aim must be to ensure that good officers are recruited and retained, while those who are not up to the joh smarten up their act or leave. Achieving this will certainly require some form of performance-related pay. The current system of awarding uniform rises to all denies initiative to managers and gives individual officers little incentive to improve performance.

But, to achieve better performance, there is no need for Sheehy's most controversial proposal – 10-year fixed-term contracts. The police are rightly worried that such a system could make it difficult to hire the best recruits and undermine careers. Given that most of the private sector operates on open-ended contracts which allow employees to be fired for poor performance after several months notice, it is not clear why fixed-term contracts are needed for the police. Moreover, if officers are underperforming, they should be removed long before 10 years are up.

If Mr Kenneth Clarke were still home secretary his instinct might be to polarise the debate, paint the police as Luddites and ram through Sheehy's proposals. But the government's ednCation reforms showed that determination in a fundamentally sound course needs to be tempered by subtlety. If Mr Howard can win consent by dropping the unnecessary recommendation of fixed-term contracts, he should grasp the opportunity.

Pakistan's chance

THE POWER struggle between Pakistan's president and prime minister had sunk the country so far into political paralysis that the resignations of both can only be welcomed. Their failure to resolve their differences underlines the immaturity of Pakistan's democracy. Howevar, the wholesale clearing of the decks on Sunday – with national and provincial assemblies all dissolved, and an interim government appointed – offers the possibility of a step forward for democracy after October's elections.

Not long ago, there would have been no doubt how to resolve such a crisis. It is encouraging that, on this occasion, the army did not take power but appears to have acted as honest broker. That it could perform the role effectively is testimony to its continuing pervasive power. But the generals have provided evidence of the sincerity of their claims to be no longer interested in political power. Politicians need to try harder to fill responsibly the role the military has vacated.

Their attempts to do this have been undermined by the role of the presidency. A president can wield power, manipulating behind the scenes and having the ultimate sanction of being ahle to dismiss governments, hut he has no responsibility for formulation or execution of policy. Mr Ghulam Ishaq Khan used his powers to sack the governments of Ms Benazir Bhutto and Mr Nawaz Sharif, the latter because he sought to curb the presidential prerogative.

However, the authority of the presidency has been considerably dented by the Supreme Court'e decision in May to reinstate Mr Sharif and hy Mr Khan's departure. The recent turmoil will have been of benefit if the newly elected national assemhly, with the acquiescence of e new president, votes to restrict the president's power. This would give the next government the opportunity to stand or fall simply on the success of its policies.

Mr Khan'e resignation represents a victory for Mr Sharif, even though be has himself had to step down. If he wins the election, he will have considerably enhanced his authority. His record is mixed. A solid leader without much spark or charisma, he has enacted much-needed economic reform which has spurred husiness but has failed to eolve chronic problems such as the budget deficit.

Ms Bhutto, his opponent, has got what she wanted: elections 2¼ years into his five-year term. Yet it will not be easy to forget that, in order to oust Mr Sharif, she chose to strike an alliance with Mr Khan, who had dismissed her government. Her previous inept performance as prime minister, and her failure to demonstrate that her calls for elections were backed by popular clamour, do not augur well for her chances.

Pakistan needs to show that it has both a political system and economic policies which provide clarity and continuity. It now has an opportunity.

John Lloyd on the increasingly fractious relations between Russia and the former Soviet republics

Neighbours with broken fences

As though they were acting in concert, all the former Soviet republics are again in a ferment. North, south and west, the now independent states circling Russia are at least fragile, and often convulsed by civil war.

In the three Caucasian states of Armenia, Azerbaijan and Georgia, conflict between the political leadership and rebel movements over the control of land has become increasingly bloody, with both sides dependent on victory for survival.

In the Baltics, Estonia and Latvia are struggling to enforce a new definition of citizenship that would reverse the post-second world war flow of Russians into their tiny populations, or at least assimilate them rapidly.

In Moldova, the old struggle over control of the Trans Dnestr area remains barely quiescent – and Russian troops remain in place.

In Belarus, the head of parliament (and of state) was almost dismissed by his own deputy for not being sufficiently "pro-Russian".

In Ukraine, the prime minister demands, unsuccessfully, the proclamation of an economic state of emergency as the war of words with Russia over control of the Crimean region and the Black Sea fleet based there flares again. This follows the declaration 10 days ago by Russia's parliament of sovereignty over Sevastopol, the Black Sea port.

In central Asia, the fighting which has reduced Tajikistan to dependence on Russian troops for the preservation of the government threatens to spill over into Uzbekistan, where an oppressive order is maintained. Both Kazakhstan and Kyrgyzstan are peaceful, but the latter is desperately poor and both fear a widening gulf between the large Russian minorities and the native Kazakhs and Kyrgyz.

These diverse crises share two common characteristics.

First, in each of the 15 former Soviet republics a bitter conflict is taking place for control of the nation. Even the best politicians of these young republics (and many are opportunist and ruthless) grope in a fog of ignorance which under-trained and inert bureaucracies do nothing to dispel. In each state, there is e "nationalist" wing which wants to ensure the least involvement in the Commonwealth of Independent States – the umbrella structure covering the former Soviet republics – and a "pragmatic" party which seeks to maintain minimal neighbourly relations, especially with the biggest neighbour of all, Russia.

The second factor is the relationship all the former republics have with Russia. Russia dominates, not simply because it is the main provider of energy to many and a market for all, but because it retains hegemony over all former Soviet land space. Russia has troops loyal to it in every republic except Azerbaijan; some 25m ethnic Russians are scattered "abroad" and concentrated in areas such as eastern Ukraine and northern Kazakhstan; and Russia retains the control systems for nuclear weapons based in three other republics.

The Caucasian struggles are the bloodiest. Both Azerbaijan and Georgia have been left with malign legacies. Within their borders are autonomous areas which wish to adhere to states other than the ones which enclose them. In Azerbaijan, Nagorno-Karabakh, peopled now almost wholly by Armenians, has declared its sovereignty. In Georgia, the region of Abkhazia in the north-east aspires to become a Russian province – though the Abkhazians make up less than 20 per cent of the population.

In the Abkhazian capital of Sukhumi, on the Black Sea, the two sides are engaged in a conflict which is shattering what was once an elite resort. Mr Eduard Shevardnadze, the Georgian leader, remains in the city in an effort to stiffen what has been a feeble defence by the untrained Georgian forces.

Along the eastern borders of Karabakh, in the Azeri frontier towns of Fizuli, Agdam and Ter-Ter, the Karabakhers press into the outlying villages. A recent trip to two frontier towns revealed an Azeri "army" of scared teenagers and local townsmen with a few ex-Soviet officers in command. In Baku, the capital, a president democratically elected 12 months ago fled as a former Azeri commander in Karabakh, Mr Suret Guseinnov, threatened to march on the capital. Mr Guseinnov is now prime minister.

In these societies, democracy is often a shell and the economy – with the partial exception of oil-rich Azerbaijan – ruined. Armenia shivered through last winter with minimum power and little heat, its industry all hut halted. Georgia is likely to be the same this winter. Prosperous enough in Soviet times, they have been reduced to international beggary.

The Balts do not face poverty; they face problems of national self-definition. In Estonia and Latvia, the main obstacle to building the nation is the presence of hundreds of thousands of Russians of uncertain allegiance. Russians account for more than 30 per cent of the population in Estonia and some 34 per cent in Latvia. These postwar Russian settlers now exist in e limbo. Once the masters of their universe, today they are disenfranchised.

Estonia is the first flashpoint, with a war of words under way between it and Russia over a law on aliens. The law, passed two weeks ago by the parliament, gives non-ethnic Estonians a year to pass a language exam as a necessary – but not sufficient – condition of being granted citizenship.

The Russian-dominated city of Narva in north-east Estonia voted by a big majority in a referendum at the weekend for autonomy. This was immediately declared unconstitutional by Estonia, but the struggle will continue.

The status of Russians everywhere in the former Soviet Union is at the heart of the crisis. Will that status be one of a minority loyal to their new homelands – or a potential fifth column, which could be mobilised by a Russian government with expansionist designs? The Baltic governments, with memories of the slaughter of their people after the second world war by Soviets, tend to the latter view; the Ukrainians, with a history of peaceful co-existence, inter-marriage and co-operation with the Russians, hope the relationship will survive.

Yet in Ukraine, too, there are flashpoints. In the Crimea, Russia's parliament now lays claim to Sevastopol and the Black Sea fleet; much of Russian public opinion thinks the whole of the Crimea should be returned. The Russians of eastern Ukraine now have conservative, Russian nationalist groups in their midst, apparently gaining support in e region suffering from the economic crisis.

The Ukrainian government is split. Distrust of Russia spreads, especially when its parliament claims Ukrainian territory; and there are increasing calls for retaining the nuclear weapons based in Ukraine as a safeguard against Russia. Yet, paradoxically, the prime ministers of Ukraine, Russia and Belarus signed a declaration 10 days ago stating that they would agree an economic pact tying more closely their parlous economies.

These febrile moves reflect, too, the power struggles within Russia itself. President Boris Yeltsin and his government hold a wavering line which continues to lurch. To be sure, the government is not fully in command of the army, and has left the generals with too much freedom, especially in the Caucasus, to intervene in the local meelstroms.

The generals openly wish Russia to remain the dominant power in the region – Mr Yeltsin said as much in a speech earlier this year – and will tramp heavily on those who threaten the perceived interests of the ethnic Russians "abroad".

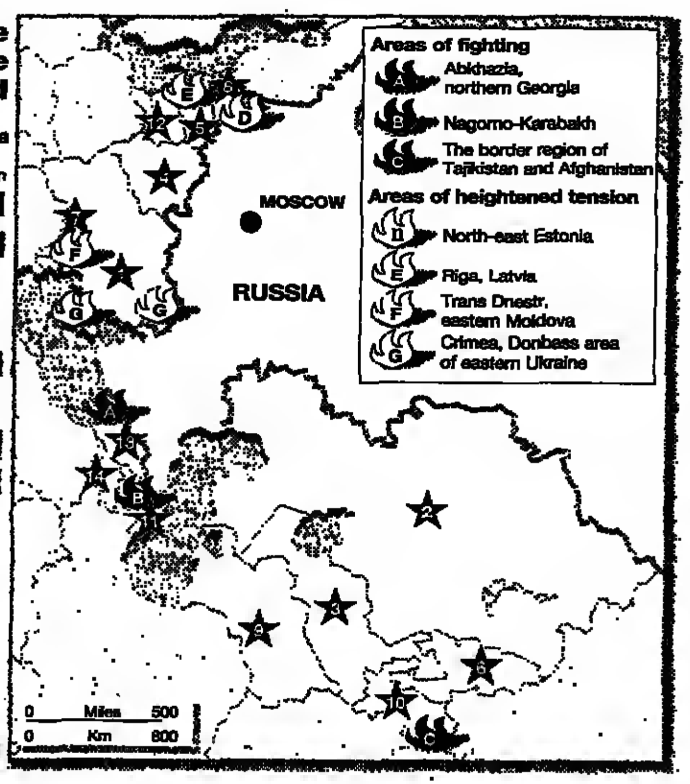
The end of great empires is evidently a slow business. Whether the ending will be peaceful is unclear and will depend greatly on how far the economic crises can be managed and how much support the rich western countries continue to give. For now, the signs are not promising.

The struggle for statehood

Ethnic Russians outside Russia

	Russians (million)	As % of local population
Ukraine	11.4	22
Kazakhstan	6.4	38
Uzbekistan	1.7	8
Belarus	1.4	13
Latvia	1.0	34
Kyrgyzstan	1.0	22
Moldova	0.6	13
Estonia	0.5	30
Turkmenistan	0.4	10
Tajikistan	0.4	8
Azerbaijan	0.4	6
Lithuania	0.3	9
Georgia	0.3	6
Armenia	0.1	2

Problem areas



John Willman on radical new thinking in the Labour and Conservative parties on social security

A new idiom of welfare

The future of the welfare state has become the subject of intense political debate between the UK's main political parties.

Despite both sides' desire to portray their differences as an unbridgeable gulf, however, there is a surprising amount of agreement on the need for radical change.

"Radical ideas will often prove impractical or unattractive," Mr Peter Lilley, the social security secretary, said last month in his Mais lecture to City University Business School in London. "But they often highlight strengths or weaknesses of the system and so help generate more modest but practical proposals."

The Labour party has contracted out its thinking on social security to the independent Commission on Social Justice, chaired by Sir Gordon Borrie, the former director-general of fair trading. He was equally keen on radical thinking when he launched the commission's first two position papers yesterday.

"Tinkering will not improve an outdated system," he said. "We diagnose the need for radical change."

The reasons for this shared interest in new thinking are different, however, and lead to different sorts of conclusions.

The Conservative government is struggling to contain a £50bn deficit in the public finances. Social security accounts for almost a third of public expenditure and has been soaking up an increasing share of national income since 1979.

Cutting it – or at least constraining future growth – is essential if the Tories are to achieve their aim of reducing the share of national income spent by the state. That means better targeting, or more self-provision, or both, according to Mr Lilley.

For Labour, the problem is shedding its image as a tax-and-spend party. At the last election, it was committed to a raft of policies that would have added further to the growth in the social security bill, such as restoring the link between pensions and wages.

Lahour needs a new approach that allows it to preserve its hrand strength as the party trusted to look after the welfare state and combine this with a more realistic view about what people are willing to vote for.

Sir Gordon's commission appeared yesterday to be squaring the circle by linking social security reform with economic renewal.

"You cannot create a successful economy in a sickly society," Sir Gordon said. "Equally you cannot have a successful society in a sickly economy."

> **'The more the state monopolises provision for needs and risks, the less the incentive to save for them'**

He would rather treat the social security budget as an investment in belping everyone make the maximum contribution to the UK's economic success.

The commission sees full employment as the key to creating a more just distribution of income and opportunity, and to enhancing economic efficiency. Reforms should be directed to creating full employment, rather than patching "an increasingly tattered safety net".

Mr Lilley also emphasises the relationship between the welfare state and economic growth – or rather the importance of designing a social security system that does not stifle growth. He is, after all, a member of a government that implacably opposes the social chapter of the Maastricht treaty on the grounds that it would add to business costs and reduce the UK's competitiveness.

So Mr Lilley warns of the impact on the economy if higher taxes are needed to pay for further growth in the welfare state. He is also aware that better targeting to cut social security costs could damage the economy if it reduces incentives.

"The more the provision for needs and risks is monopolised by the state, the less the incentive to work and save to provide for them," he said.

Labour's approach may be more attractive to the voters in the short term, since it stresses opportunities rather than cuts in benefits.

In contrast, the dour Mr Lilley may yet be accused of losing the Christchurch by-election for the Conservatives through his efforts to encourage a debate. He published figures that appear to point inexorably towards cuts in social security benefits in the future on the day before the campaign started in a constituency where more than a third of the voters are pensioners.

In the longer term, however, Labour probably has the harder task.

The reluctance to pay more in tax is a worldwide phenomenon, and Britain is unlikely to prove the exception in the next general election. If Labour is to increase spending on, for example, childcare to help single parents get back to work, then something else will have to be cut.

"The language of priorities is the religion of socialism," as Aneurin Bevan said. Finding popular support for new priorities may prove a harder task than attacking Conservative cuts.

OBSERVER

Dunn does it again

Martin Dunn will be reprinting his calling cards – yet again. The one-time deputy editor of Rupert Murdoch's The Sun was late last year being wooed by Mort Zuckerman to edit his New York Daily News.

At that time he was editing another Murdoch tabloid, Today, from which position he duly resigned only to be informed – by fax – that Zuckerman had decided that maybe it wasn't such e good idea to have yet another British editor in New York after all. Things looked decidedly sticky for Dunn until Murdoch came to the rescue and offered him the Boston Herald.

Four months on, Zuckerman has had a change of heart and enticed Dunn to the Daily News with an offer that was perhaps worth waiting for. A figure of $1.5m over three years is mooted.

At the News, Dunn will compete head-on with his predecessor at the Boston Herald, Ken Chandler, who edits the New York Post – which just happens to have been saved from extinction by his old benefactor: Rupert Murdoch.

Adam's angel

■ Adam & Co, the small Edinburgh private bank snapped up by the Royal Bank of Scotland, was yesterday sounding a little uncertain as to whether Madame Françoise Schlumberger Primat would accept its invitation to remain on the Adam board. On balance the view was that the septuagenarian angel who injected £21m last year when the bank was on the hrink of collapse would not be staying on.

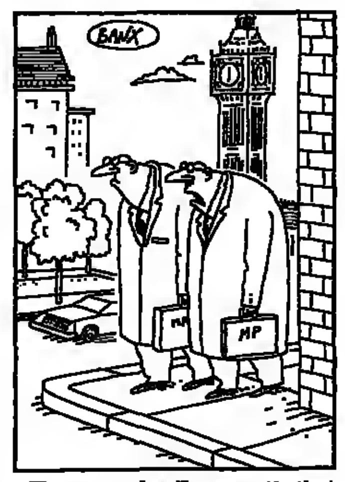
Although the reclusive grande dame shuttles regularly between her two French chateaux, her estate in Shropshire and her house in south-west Ireland, and could presumably still fit in e side trip to Edinburgh on occasion, she is "hedging slightly" over accepting the directorship, according to Adam's outgoing managing director, James Laurenson. "Although her English is quite good, she finds a lot of people talking together at board meetings quite hard."

She's a realist and is not upset at any aspect of the sale, says Laurenson, who claims thet all her business will be staying. No doubt RBS will be pleased to hear thet; she is easily the private bank's largest customer.

Wood for the trees

■ Meanwhile the Royal Bank of Scotland is keen to underline that Peter Wood, founder and boss of its tearaway success insurance subsidiary, Direct Line, is absolutely not related to Adam & Co's Peter Wood. The latter was one of the two dealers who ran up the £21m of losses in the treasury department, which in turn hastened the private bank's loss of independence.

"I don't think even their Wood [Britain's highest paid executive] has pulled in as much as our Wood lost," says a highly placed Adam's executive ruefully.



'I'm so much a Eurosceptic thet I even hate Britain'

Fall girl

■ Spy mistress turned cover girl Stella Rimington has had an uncomfortable time since being pushed into the limelight as part of John Major's campaign for openness in government. First, she had to undergo moving house while trying to dodge the press in endless cat-and-mouse games before her face was freed for front-page consumption. Then, she had to suffer the professional embarrassment of seeing the IRA, with its continued string of atrocities, dent the credibility of the service's counter-terrorist operation. Now she has to spend valuable time powdering her nose for all those photo opportunities.

But Observer's moles in St James's are unruffled. They believe Rimington is performing her job just perfectly – suitably diverting ettention from the real boss who remains as *incognito* as ever, whatever the prime minister may say.

Bitter lemons, II

■ Robbed of listening to Asil Nadir in court in the foreseeable future, the British populace can at least read his unexpurgated thoughts on "The problems of modern travel, especially departures and arrivals", in this Friday's number of Scallywag. Appearing alongside the likes of Noam Chomsky and Steven Berkoff, the fugitive businessman apparently dreamt up the subject – can't think how – when approached by editor Simon Regan in what the satirical magazine hopes will be the first of many illuminating columns. And can he write? See for yourself says the journalists' journalist Regan, explaining that he undertakes never to sub-edit his contributors' copy.

Harpooned

■ Tarnisbed halo for Gro Harlem Brundtland. The winner of the 12 Environmental Star Award in 1989 for her efforts as chairman of the UN World Commission on Environment and Development has been asked to give it back. In May, Norway – prime minister, Gro Harlem Brundtland – resumed commercial whaling in defiance of an eight-year ban by the International Whaling Commission. Not surprisingly, the European Environmental Bureau does not consider whaling to be "compatible with sustainable development nor does it represent responsible management of marine resources".

Stiff test

■ Starving in London, six jobless Oxford arts graduates drew lots. The one getting the shortest straw was to commit suicide and the pair with the next shortest would sell the body for scientific research.

The deed done, the two took the sack-covered corpse off in a cart. But when they limped back hours later, they still had the body with them. "It's useless," they gasped. "Nobody's taking anything but Cambridge scientists with first-class honours."

FINANCIAL TIMES
Tuesday July 20 1993

Foreign airlines may be allowed a larger stake in US carriers

By Nancy Dunne in Washington

PRIVATE SECTOR foreign airlines would he allowed to own up to 49 per cent of the voting stock of US carriers under the tentative recommendations of an emergency government commission on the US airline industry.

However, such deals would only he allowed on condition that the foreign governments concerned agreed "liberal" aviation pacts with Washington. At present foreign companies may own up to 49 per cent of tbe equity of a US carrier, but only 25 per cent of the voting stock.

In its working draft, the commission also calls for tax relief for US airlines, asserting that the industry suffers from "a large and disproportionate tax burden." However, it says "the industry itself, primarily hy taking on excessive deht, must bear its fair share of the hurden for its current state."

President Bill Clinton appointed the commission in May to find ways of strengthening the lossmaking industry. Members of the commission, who divided themselves into four working groups to write the draft report, will now thrash out their differences in an attempt to achieve a consensus.

Tbe draft report specifically rejects reregulating the industry, which has seen the gradual removal of strict rules governing fares, routes and working practices over the past decade. However, the report calls for the close involvement of the US government in the industry's business plans. It recommends the creation of a presidentially appointed financial advisory committee, which would define "financial health standards for airlines and advise the secretary of transportation when an airline's financial condition poses risks to itself or the industry."

The transportation department would monitor the financial heath of airlines and review, with the proposed financial advisory committee, a company's financial plans. The secretary should use his existing authority to "encourage a return to financial health," says the draft.

Among its recommendations on international trade policy, the draft warns that the current system of negotiating hilateral aviation pacts "is no longer conceptually sound nor sufficiently growth oriented."

It calls for the negotiation of multinational agreements encompassing liberal provisions for passenger and cargo services; charters; cross-border investment and ownership; cahotage; market access; system capacity; and customs and immigration facilities.

It wants the stature of international air service negotiations raised and an amhassador-at-large appointed to lead them.

The draft report's recommendations also include the reduction of current US ticket and cargo taxes, and the exclusion of airlines from the proposed fuel tax.

The commission also suggests speeding up improvements in the air traffic control system.

LDP leadership debate goes public as Miyazawa hangs on

By Robert Thomson in Tokyo

LEADERS of Japan's Liberal Democratic party argued openly yesterday over who should resign to take the blame for the party's loss of power, as opposition parties huddled together in the hope of forming a coalition government.

Mr Kiichi Miyazawa, the prime minister, was under pressure from other LDP faction heads to resign. They suggested that he make way for a leader acceptable to a potential coalition partner and, preferably, one of their own faction members.

But Mr Miyazawa said a decision on his future would come after "consulting" his party, though he would "try again" to reform the electoral system, indicating that he wants to remain as leader in spite of the unsubtle hints from other senior officials.

The first day of post-election jockeying saw each of the opposition parties staking out territory, and hinting ot a coalition without making firm commitments to partnerships with other opposition parties or with the LDP.

It is expected that an extraordinary session of parliament, which must be held within 30 days of the election, will be convened on August 2, when a new prime minister is to be chosen. In the meantime, the LDP hopes to find a partner to ensure that its candidate is chosen.

The most pressing questions to be resolved in the meantime are the identity of the LDP candidate and the partner party. Mr Toshiki Kaifu, the former prime minister, yesterday suggested that Mr Miyazawa should resign, presumably to make way for Mr Kaifu himself.

Mr Ryutaro Hashimoto, a former finance minister, is another potential candidate, though he is thought arrogant by fellow party members. Mr Michio Watanabe, the foreign minister, wants to he prime minister, but he is in ill health and is opposed to reform of the political system.

An LDP prime ministerial candidate must have pro-reform credentials to satisfy a potential partner such as the Japan New party, which campaigned on the need to overhaul Japanese politics and would need the resignation of Mr Miyazawa to keep its supporters happy.

Mr Miyazawa, an accomplished performer in the company of the Group of Seven leaders earlier this month, again finds himself repeatedly humiliated by LDP factions.

An indiscreet conversation, picked up by television microphones, had two officials plotting the demise of Mr Miyazawa, who spent the day denying that he had already resigned.

The poor performance of the Social Democratic party, still the largest opposition party, but which lost almost half of its seats, prompted calls for the resignation of its chairman, Mr Sadao Yamahana. He suggested that the first priority is to form a coalition government, not for him to resign.

Mr Tsutomu Hata, leader of the Japan Renewal party, was also publicly confident about opposition parties mustering the numbers to force the LDP out of office.

However, his powerbroker colleague, Mr Ichiro Ozawa, was rumoured to be negotiating with LDP officials about a Hata-led LDP coalition government.

Money supply grows, Page 3

UK timetable on treaty hit by challenge

Continued from Page 1

of the court proceedings. The prime minister's office emphasised that the government would oppose the challenge.

Speaking in Brussels yesterday, Mr Hurd repeated the UK government's desire to wrap up ratification of the Maastricht treaty before the end of the current parliamentary session.

He conceded, however, that the latest judicial review of Maastricht in the UK High Court could affect the timing of final ratification. In a reference to the German constitutional court's current review of Maastricht, Mr Hurd said the UK would not ratify finally until all court procedures were over.

"I believe the Germans are in the same position," he said.

Lord Rees-Mogg's legal challenge will be based on three main grounds – the transfer of the foreign policy prerogative to Brussels, the increase in the powers of the European Parliament and the exclusion of the social protocol.

The judicial review is expected to be completed as the courts rise for the summer. This would leave time for any government appeal to be heard during August.

THE LEX COLUMN

Heartache for Boots

Now that Boots' wheezing pharmaceuticals strategy has finally collapsed, the company cannot avoid difficult questions about the future of its drugs division. To put it at its highest, there has only ever been a tenuous connection between ethical pharmaceuticals research and retailing. Contract manufacturing and over-the-counter drugs may have a role in sustaining Boots, but any serious ambitions in new drug development seem to have expired along with Manoplax.

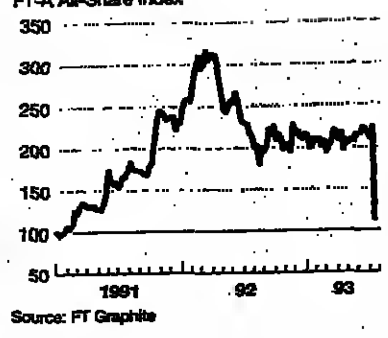
Whether Boots' management can now summon the will to make a graceful exit is, however, another question. The board has a rigorous appraisal system for businesses, yet that process has not so far persuaded it to dump Ward White elephants such as Do It All. Even if it decides on a managed withdrawal, the route is uncertain. Demerging ethical drugs would have the advantage of putting its value in the hands of shareholders. There might, however, he difficulty in deciding just which assets should go into the demerged company. Selling the division to a larger drugs player would dilute earnings and raise worries abont how the management would spend the proceeds.

Putting capital to work is a question for the group anyway, since the company's drive for cash may leave it with net cash this year. Currently the management's answer is expansion of Halfords, and growth in Boots the Chemist. Yet in e tough market BTC's margins look vulnerahle, nor has it yet launched a market share initiative to rival the Marks and Spencers "outstanding value" campaign. Halfords somehow looks an unlikely ground for Boots to prove the critics wrong.

FT-SE Index: 2842.9 (+9.9)

Medeva

Share price relative to the FT-A All-Share Index



Source: FT Graphite

Medeva

It will take more than explanations and assurances to restore confidence in Medeva. The over-statement of sales at its IMS subsidiary – and separate disagreement with the US Food and Drug Administration over production standards – point to management weaknesses. Never mind that bigger and hetter drugs companies have fallen into similar traps. Even on the bold assumption that these episodes can be resolved without further damage, they raise the spectre of nasty surprises elsewhere in the group.

Having subscribed to April's rights issue in good faith only to watch the shares almost halve in value yesterday, shareholders might thus expect some positive action. Medeva has already gone some way towards strengthening management: new regional directors and a director in charge of production quality should help avoid mishaps. But the onus remains with the company to prove that financial and other management controls have not lagged hehind its expansion.

The deeper prohlem, though, may lie with strategy. Buying drugs companies with good organic growth prospects, yet too small to interest the giants of the sector, is coherent enough. Bnt only if the pace of acquisitions does not outstrip Medeva's ability to manage them. Similar strategies in other markets – such as advertising, food distrihution and hosiery – have come to a sticky end. There is no reason why pharmacenticals should he different. At the very least Medeva should take time out from empire-huilding and let organic growth take the strain.

RTZ

For a company which dwells on the long-term nature of its investments, RTZ has proved a dab hand at some Hanson-style asset-shuffling following last month's acquisition of Nerco. Having paid $470m for the business plus the assumption of $692m of debt, RTZ will now realise almost $600m from selling Nerco's peripheral gold, oil and gas assets. That leaves RTZ with a cheap and cheerful coal business which should benefit from the nascent US recovery. Moreover, Nerco's debt was part funded by the vendor. The rest can be easily restructured given RTZ's strong credit rating.

The scale and speed of the disposals remove any lingering worries about the financial burden imposed by the Nerco purchase. The asset sales will cut gearing from 63 per cent to 45 per cent, strengthening RTZ's financial flexihility as recovery shimmers on the horizon.

All that is needed to complete RTZ's run of fortune is a firm upswing in metals. That, though, may prove elusive while European and Japanese markets remain depressed and US demand patchy. High inventory levels have also huilt slack into the system, suggesting that prices may not firm greatly until the second half of next year. Strong currency gains resulting from sterling's devaluation and the resilience of demand in south-east Asia will tide RTZ over this year. If and when worldwide economic recovery arrives, RTZ's sppeal as a diversified play on the metals cycle can only magnify.

Japan

The muted response of the markets to Japan's general election suggests that investors were already hraced for the political horse-trading which now looks certain. One unanswered question is whether the government which emerges will have sufficient authority to take an economic lead. The downward lurch in the stock market which followed the Liberal Democrats' defeat in parliament last month reflected the waning chances of further fiscal stimulus this year.

The economic news in the run-up to the election has been far from encouraging. Industrial production and retail sales figures have cast doubt on the view that the recession has bottomed. Yesterday's money supply figures seem to offer more hope, but broad money growth is being driven hy public sector institutions. Lending by private sector hanks remains weak. Unless the yen's upward march on the foreign exchange market is thrown into quick reverse, Japanese companies under pressure at home will find scant relief in export markets.

If the run of bad economic data – and a period of populist campaigning – has forged a political consensus on the need for further stimulus, the chances of another spending package this year can have only improved. Now the LDP is weakened, tax cuts may be thrown into the policy pot. Yet with the composition of government now wide open the markets may have to settle in for drift.

Bringing ministers to book made easier

By David Buchan in Paris

FRANCE'S constitution was changed yesterday to make it easier to prosecute government ministers accused of misconduct and to insulate the judiciary from political influence.

The National Assembly and Senate, sitting jointly in the palace at Versailles, as they do only for constitutional revisions, voted for a less politicised impeachment procedure than that by which Mr Laurent Fabius and two other former Socialist ministers are to he tried for alleged responsibility in the contamination of blood supplies with the HIV virus.

Four former public health officials involved in the same case, which affected some 1,200 haemophiliacs in the mid-1980s, had their prison sentences confirmed by the appeal court last week.

Under the existing impeachment procedure – to be retained only for accusations involving the president – parliament brings the charges and sits in judgment on them. In future, anyone will be able to bring actual or former ministers before a magistrates' court for crimes committed in the exercise of office.

The magistrates will determine whether charges should be brought. Only at the trial stage will six deputies and six senators be included on the judges' bench.

The case of HIV-contaminated blood, for which many relatives of the infected haemophiliacs have held former ministers responsible, has been the catalyst for reform. Mr Fabius, who was prime minister in 1984-86, actually voted last December in favour of his own impeachment so he could clear his name. But that impeachment move was overtaken by the March election and President François Mitterrand's proposals for constitutional reform.

The only other reform approved yesterday was to dilute the president's power of appointment to the higher judiciary council which nominates and disciplines magistrates and judges.

Accusations that France's magistrates come under undue influence from the government as well as the presidency have been echoed in recent days by Mr Bernard Tapie. A former minister, he owns the Olympique-Marseilles football team which is now under investigation for bribery.

FT WORLD WEATHER

Europe today

Warm air will move east as a cold front progresses over central Europe.

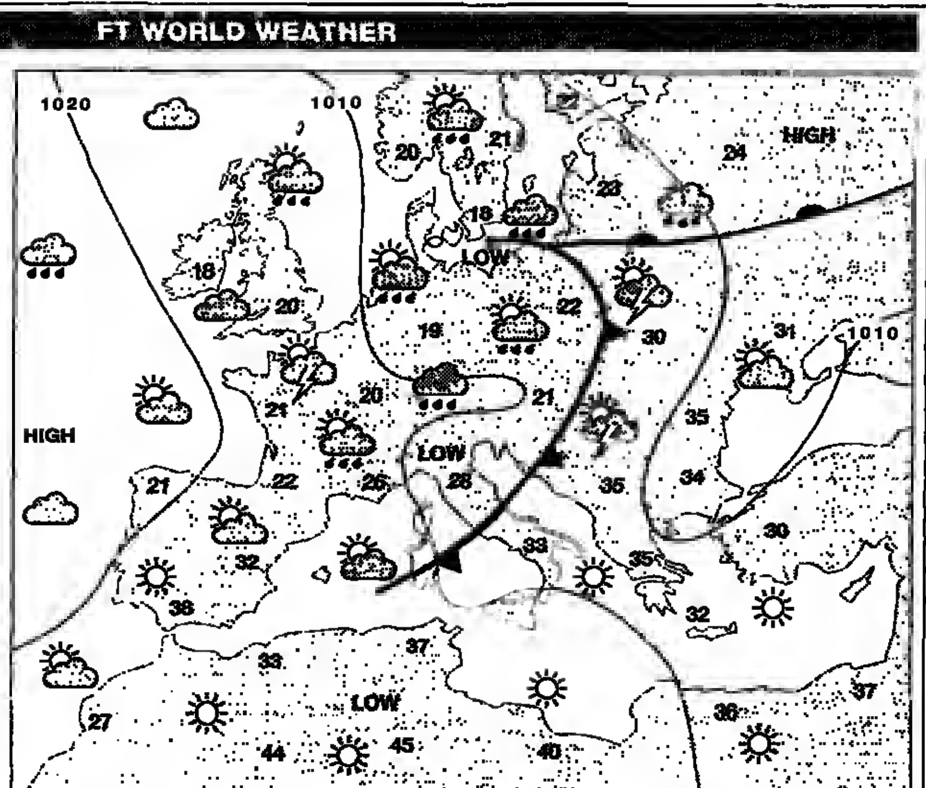
The front will produce rain, especially on the southern side of the Alps. East of the front, it will be warm and mainly sunny, with temperatures reaching 35C or more over Greece and the Balkans. Thundery showers will develop, but Greece will stay dry.

Around the Mediterranean it will be mainly sunny and warm. In most holiday resorts temperatures will exceed 30C.

In north-west Europe it will continue rather cool and unsettled. Isolated showers will develop in most countries and temperatures will be mostly below normal values for the time of the year.

Five-day forecast

Summery conditions are unlikely to return to north-west Europe in the next few days. It will continue unsettled and in most countries temperatures will drop further. Around the Mediterranean, it will continue sunny and warm, with some thunder showers in Italy and Greece on Thursday and Friday.



Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	40
Accra	thund	25
Algiers	fair	33
Amsterdam	cloudy	17
Athens	sun	35
Bangkok	shower	34
Barcelona	fair	26
Beijing	thund	31
Belfast	shower	18
Belgrade	fair	36
Berlin	thund	22
Bermuda	fair	30
Birmingham	shower	20
Bogota	fair	19
Bombay	cloudy	29
Bordeaux	fair	22
Brussels	fair	18
Budapest	thund	27
Buenos Aires	fair	16
Cairo	sun	37
Cape Town	fair	17
Caracas	fair	28
Chicago	fair	29
Cologne	shower	19
Copenhagen	rain	18
D' Salaam	thund	27
Dakar	fair	28
Dallas	fair	36
Darwin	sun	31
Delhi	cloudy	33
Dubai	sun	41
Dublin	fair	18
Dubrovnik	thund	34
Edinburgh	shower	17
Faro	sun	31
Frankfurt	fair	21
Geneva	shower	20
Glasgow	rain	17
Hamburg	rain	17
Helsinki	fair	17
Hong Kong	cloudy	31
Honolulu	fair	31
Isle of Man	shower	17
Istanbul	sun	31
Jersey	shower	17
Karachi	cloudy	33
Kuwait	fair	47
La Paz	sun	11
Las Palmas	fair	26
Lisbon	sun	29
London	fair	21
Los Angeles	fair	27
Luxembourg	cloudy	18
Lyon	shower	23
Madeira	fair	23
Madrid	sun	33
Majorca	fair	29
Malta	sun	34
Manchester	cloudy	19
Manila	shower	33
Melbourne	fair	14
Mexico City	shower	23
Miami	fair	33
Milan	shower	26
Montreal	fair	25
Moscow	cloudy	22
Munich	rain	16
Nairobi	thund	21
Naples	fair	31
Nassau	fair	32
New York	fair	30
Nice	sun	26
Nicosia	sun	38
Oslo	shower	20
Paris	shower	17
Perth	shower	17
Prague	shower	21
R' de Janeiro	fair	24
Rangoon	rain	30
Reykjavik	shower	13
Riyadh	fair	42
Rome	fair	29
S' Francisco	fair	19
Seoul	fair	28
Singapore	cloudy	31
Stockholm	fair	21
Strasbourg	cloudy	22
Sydney	fair	15
Tel Aviv	sun	35
Tokyo	fair	23
Toronto	sun	26
Tunis	sun	37
Vancouver	cloudy	23
Venice	thund	28
Vienna	rain	20
Warsaw	thund	23
Washington	fair	34
Wellington	shower	12
Winnipeg	fair	21
Zurich	shower	19

FINANCIAL TIMES
COMPANIES & MARKETS

Tuesday July 20 1993

INSIDE

France Telecom to switch status

France's minister for industry, post and telecommunications has announced plans to transform the state telephone company, France Telecom, into a joint stock company with majority state control. The change in status could help the company expand internationally and forge alliances with other telecommunications companies. Page 14

GEC-Alsthom shows its strength

GEC-Alsthom increased net profits 8.5 per cent to Ecu318m ($359.3m) in the year to the end of March 1993. The improved profits reflected the strength of the Anglo-French group's main business activities – power generation and distribution and transport. Page 14

Primerica bolstered by broker

Primerica, the US financial services group, has reported second quarter net income of $186.4m, up from $149.6m a year earlier. This was achieved on the back of continuing heavy stock market investment by retailer investors. The group's Smith Barney broking subsidiary had record earnings of $57.7m. Page 15

Whirlpool on upward spiral

Whirlpool, the world's biggest maker of large home appliances, saw second quarter net earnings leap 39 per cent after higher unit shipments and cost-containment efforts. Page 15

Salomon quits Barito float

The planned $250m flotation of Barito Pacific Timber, Indonesia's largest integrated timber producer, suffered a setback yesterday with the withdrawal of Salomon Brothers, the US merchant bank, as lead foreign underwriter. Page 16

Waste Management rises 14%

Waste Management International, the UK-listed overseas arm of WMX Technologies of the US, reported continued profit and revenue growth in spite of poor trading conditions in its European markets. Pre-tax profits for the six months to June 30 rose 14 per cent to £71.5m ($107m). Page 18

Chirpy chippy

Harry Ramsden's, the Yorkshire-based fish and chip restaurant operator, raised interim pre-tax profits 14 per cent to £88,000 ($132m), mainly after the successful opening of new branches in Manchester and Tyneside. Page 19

Japan falls after election

Share prices in Tokyo fell after the outcome of the lower house election when the ruling Liberal Democratic Party lost its majority vote. The Nikkei average fell 180.61 to 20,150.92, the first fall in three trading days. Back Page

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
BASF	281.5	+	8.9	Redoute	7620	+	280
BMW (Br)	576	+	18	Vallourec	198.9	+	12.7
DLW	429.5	+	15.5	**Falls**			
MAN Prf	268.5	+	5.5	AGF	571	-	19
Mercedes Hld	696.5	+	14.5	Gaumont (Sc N)	485	-	25
Falls				SILIC	763	-	42
Varta	301	-	5	Sefimeg	487.9	-	25.9
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Delta Air Lines	48¾	+	1⅛	Kyodo Shiryo	579	+	19
USAir	15⅞	+	¼	Seacom	6720	+	200
Falls				**Falls**			
Apple Computer	26⅛	-	1⅝	Akebono Brake	601	-	27
Digital Equipmt	37⅞	-	1⅛	Daicel Chemical	565	-	24
IBM	44⅝	-	1¼	Sun-Ei Chemical	630	-	29
Merck	32⅞	-	1	Minolta Camera	442	-	22

New York prices at 12:30.

LONDON (Pence)							
Rises				TLS Range	21	+	5
Amberley	43	+	5	Unigroup	70	+	14
Benson's Crisps	76	+	4	Welpac	38	+	5
Boots	435	+	13	**Falls**			
Bridport-Gndry	81	+	6	Arlen	31	-	4
Broadcastle	24	+	3	Court Cavendish	185	-	11
Campari Int	133	+	20	Dalepak Foods	154	-	31
First Tech	227	+	13	First Nat Fin	73	-	6
Hickling Pent	198	+	8	Medeva	115	-	100
Jupiter Tyndl	190	+	9	Multitone Elec	108xd	-	11
Marling	23½	+	3	Tiphook	230	-	21
Mosaic Inv	18	+	3	Wellcome	604	-	30
Murray Ent	185	+	7				
Spring Ram	54	+	4				

Credit quality improves at Chase

By Richard Waters in New York

CHASE Manhattan's emergence from the credit problems that have bedevilled it since the late 1980s was confirmed yesterday as it revealed a marked improvement in credit quality during the second quarter.

A falling charge for possible credit losses and strong foreign exchange and other trading income pushed net income for the period ahead to $233m, up from $152m in the same period a year earlier. Earnings per share rose to $1.20, from $0.83.

Chase moved earlier this year to isolate around $2bn of troubled property loans for accelerated disposal and bolster its balance sheet with the sale of $750m of new equity.

Yesterday, the US's sixth-biggest bank reported a provision of $235m against possible credit losses in the second quarter, $70m lower than a year earlier and down from the $360m of the first three months of the year. The lower charge was seen by analysts as a sign of faster-than-expected improvement in credit quality at the bank.

Credit quality was also reflected in the increase in the proportion of troubled loans covered by loan-loss reserves, to a comfortable 82 per cent from 67 per cent.

Net interest income advanced to $894m from $869m in the same period in 1992, and the bank's net interest margin rose from 4.03 per cent to 4.1 per cent. The bank's cost/income ratio, a measure of efficiency, fell to 62 per cent, down marginally from the first quarter. "The aggressive action programme we implemented in the second quarter is already beginning to bolster our earnings momentum," said Mr Tom Labrecque, chairman.

Trading in foreign exchange and derivatives, and in lesser-developed country (ldc) markets, pushed non-interest revenues up by $100m to $893m year-on-year. Foreign exchange trading made $85m (up from $61m), while derivatives trading brought in $54m and the ldc markets $35m. Non-interest income was held back, though, by a $27m fall in consumer banking fees as borrowers moved to refinance mortgage loans.

Tier one capital ratio climbed to 7.74 per cent from 6.1 per cent.

McDonnell Douglas set to beat forecasts

By Martin Dickson in New York

MCDONNELL Douglas, the US defence and aerospace group, yesterday reported a sharp improvement in second-quarter earnings, despite the global downturn in the civil aviation business.

Mr Herb Lanese, chief financial officer, said the company was "tracking very well" to exceed Wall Street's expectations of $9.30 earnings per share this year.

The share price rose $2 to $74 in morning trading on the New York Stock Exchange.

McDonnell Douglas reported net earnings of $170m, or $4.33 a share, compared with $11m, or 29 cents, in the same period of last year, even though revenues dipped from $4.8bn to $3.8bn.

The company was helped by $57m of unusual gains from settlement of a tax issue and a change in retiree healthcare funding. It pointed out that even without these factors, its earnings of $113m were a second-quarter record.

McDonnell Douglas, which has been financially stretched for the past few years, also substantially improved its balance sheet, with the indebtedness of its aerospace operations dropping to $2.34bn from $2.77bn in December, reducing the debt:equity ratio to 0.75 from 1.01.

The increase in earnings was powered by $100m of profits from the missiles, space and electronics segment, up from $37m.

The military aircraft business produced $122m, compared with $46m a year ago, which included a $34m write-off.

Development of the C-17 military transport, which has been dogged by financial and other problems, broke even in the first half. Mr Lanese said it was expected to be profitable in the second half.

The civil aircraft business produced second-quarter earnings of $14m, up from $6m despite a 37 *per cent reduction in* revenues, reflecting reduced aircraft deliveries.

Mr Lanese said that $424m of free cash had been generated so far this year towards the target of $1bn. Some $286m had come from asset sales.

For the six months, McDonnell Douglas reported net earnings of $386m, or $9.84 a share, up from $35m, or 91 cents a share, in 1992, excluding the effect of an accounting change. First-half earnings from operations totalled $5.28 a share.

BT3 share sale beats BT2 on first day of trading

By Roland Rudd in London

THE NEWLY issued British Telecommunications shares yesterday closed at a premium considerably larger than in the last sale in 1991.

On the first day of trading after the £5bn ($7.5bn) sale of the UK government's final 21.9 per cent stake, the shares closed at 168p – 8p above the 160p paid as a first instalment by institutional investors and 18p above the 150p paid by small shareholders.

Last time on day one, the new shares gained only ¼p above the price paid by institutions.

SG Warburg, the government's global co-ordinator, said small investors had made a good profit while public assets had not been sold on the cheap.

But the merchant bank's role was called into question by some global managers. One complained that Warburg would receive "the lion's share of commissions", as more than 40 per cent of institutional bids were handled by the UK merchant bank.

There was some surprise that the existing fully-paid share price rose by 5p to 413¼p, instead of falling on the first day of trading as they had last time.

In the short-term Warburg can exercise a "green shoe" option – or stabilisation provision – by buying an additional 91.5m shares, equivalent to 7.5 per cent of the 1.2bn sold. Warburg said the price had risen yesterday without its intervention.

More than 180m partly-paid shares were traded.

Mr Tony Vine-Lott, chief executive of Barclays Stockbrokers, said: "Small shareholders who were disappointed in the allocation process have been topping up their holding."

UK institutional demand for the new shares was weak. A number of US institutional shareholders sold the new shares.

Busy lines: trading starts in the BT3 sale yesterday

RTZ to sell Nerco interests

By Kenneth Gooding, Mining Correspondent

RTZ CORPORATION, the world's biggest mining company, has signed definitive agreements to sell for $510m cash the oil and gas interests it acquired only last month when it bought Nerco, the floundering US natural resources group previously 82 per cent owned by PacifiCorp.

The UK group has sold some of Nerco's gold mining assets for $40m and is negotiating sales of the rest. These should be completed by the end of this year.

RTZ announced the acquisition of Nerco in February and completed the deal on June 2 for $470m plus the assumption of $692m debt.

RTZ wanted only Nerco's coal operations in the Powder River Basin in Montana and Wyoming. Morgan Stanley, the investment bank, was retained to sell the oil and gas interests because they did not fit the UK company's strategic objectives.

Most analysts considered that RTZ bought Nerco for a bargain price and they were also impressed by the value and speed of the oil and gas assets sale. RTZ's share price reflected this positive sentiment and gained 15p to close last night at 683p.

Mr Nick Hatch, analyst at Ord Minnett, said: "The price is about 10 per cent better than I expected and the deals will help to reduce RTZ's gearing to a comfortable level faster than most people believed possible."

RTZ's cash outlay for Nerco was reduced to $245m by a loan from PacifiCorp to be repaid from certain contract revenues of Nerco. However, RTZ's gearing briefly rose to about 63 per cent.

The company said that the oil and gas sale plus the impact of the recent enhanced scrip dividend scheme would reduce gearing to about 45 per cent.

Subject to various approvals, Western Gas Resources, the US energy group, will pay $156.05m for Nerco's Black Lake field, onshore in Louisiana, and the Black Lake Pipeline Company.

Louisiana Land and Exploration Company, another US energy group, is to buy the rest of Nerco's oil and gas operations for $353.7m.

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Tony Jackson on why the death of Manoplax has been welcomed

A heart-searching time for Boots

Yesterday was not a good day for investors in UK drug stocks. Medeva, a high-flying newcomer to the industry, saw its shares crash after a profits warning.

Wellcome's shares fell heavily, as did those of Glaxo and Zeneca. To cap it all, Boots announced it was killing off its most important new drug, the heart treatment Manoplax.

Oddly enough, Boots's share price went up on the news. There were two reasons for this.

First, as the company explained, the fact that it has given up hope on Manoplax will save it some £20m this year in marketing costs.

Granted, there will be a one-off charge of up to £35m for stock write-offs and possible redundancies.

But even this year, Boots said, there should be a small net gain in profits and cash flow.

There was a more fundamental strand to the market's thinking. Boots' management has been suffering from what analysts politely call a credibility gap. It has seemed unwilling to acknowledge the existence of two serious problems in its operations: its loss-making DIY business, and Manoplax, which the market mistrusted even before the news in April that in large doses it caused more deaths than a placebo.

The decision to bite the bullet on Manoplax is, therefore, welcomed as evidence of a new realism.

Specifically, the market now hopes that Boots will unlock value by admitting what outside observers have believed for years: that its drugs business is too small to be viable and should be sold off. The idea was specifically rebutted by the company yesterday.

Indeed, this would be an odd time for such a move. Drugs stocks have been hit heavily this year by the threat of hostile action from the Clinton administration.

But the President's plans have not even been published yet. Plainly, it would make sense to wait until the dust has settled.

But there seems little doubt that Boots' drugs division would be worth a good deal. Without the costs of Manoplax, operating profits are running at around £130m a year. On that basis, according to Mr Ian White of Kleinwort Benson, the business could be worth £700m.

Equally, there seems no real chance now of the business continuing on its own.

Boots drew attention yesterday to its drugs in development: treatments for obesity and schizophrenia, an anti-diabetic, an asthma drug and an anti-depressant.

But only the obesity drug is anywhere near the market. The last two are not even in clinical trials yet.

A direct comparison can thus be drawn with another, somewhat larger, but struggling drugs company, Fisons.

Both companies suffer from a chronic inability to discover worthwhile new drugs.

Fisons has only come up with two related asthma drugs, Intal and Tilade.

Boots has come up with two related arthritis drugs, ibuprofen and flurbiprofen, both of which are now off patent.

In a world where drugs giants, such as Merck and Glaxo, are feeling the squeeze, it is a meagre diet to survive on.

But if Boots cannot yet bring itself to sell off its drugs business, it is at least in the process of reorganising it. Its interim figures this year will for the first time break down the division into its constituents: prescription drugs, over-the-counter medicines and products made under contract.

If decisions have not been made, there is at least more room for manoeuvre. However, getting rid of all or part of the drugs division would not necessarily solve Boots' problems.

As Mr John Richards, of NatWest Markets, remarks, it would merely wind the clock back to the late 1980s, before Manoplax had come to prominence and before the ill-judged acquisition of the retail group Ward White.

"Boots is a company with a very strong core business generating cash, which needs to do something else strategically if it is to get above-average growth", Mr Richards says.

"The question is, where does it go in the longer term?"

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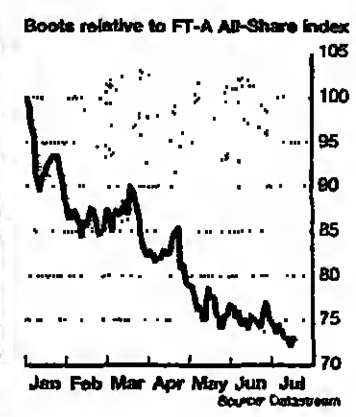
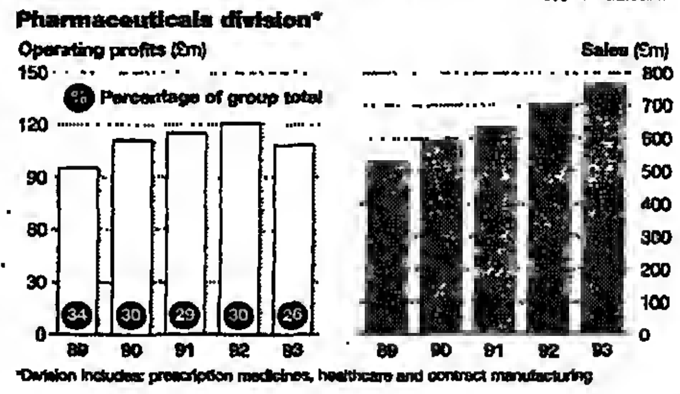
Sir James Blyth: Chief executive





*Division includes: prescription medicines, healthcare and contract manufacturing

Medeva halved after warning

By Richard Gourlay in London

MEDEVA, a rapidly growing UK-based drugs company, yesterday saw its stock market value collapse from £589m to £316m after it issued a profits warning.

Mr Bernard Taylor, chairman, said pre-tax profits for 1993 would be about £10m below market expectations of £53m-£57m. In exceptionally heavy selling, Medeva's shares lost nearly half their value, falling from 216p to 116p.

Investors were most disturbed by news that Medeva had closed MD Pharmaceutical, a US subsidiary making amphetamines, for two weeks to comply with operational changes required by the Food and Drug Administration. Mr Taylor said Medeva did not know when the FDA would determine whether the changes made were adequate.

Medeva's share price collapse came less than three months after the group raised £94m in a rights issue at 180p. That cash call helped fund an acquisition in Germany, repaid debt and gave Medeva a war chest with which it hoped to make further acquisitions up to a value of £100m.

Mr Ian Gowrie-Smith, managing director and architect of Medeva's rapid growth since it came to the stock market in 1987, said there was nothing wrong with the strategy to expand by acquisition rather than drug companies' more conventional route of research and development.

"The company is still on track to increase profits this year," he said. "We are still en route to being one of the most successful companies in corporate British history."

Most of the problems arose at IMS, a Californian subsidiary that makes drug delivery systems such as plastic tubes. It was acquired for $29m in June 1992. Medeva said it discovered last week that stock levels at the warehouses of independent wholesalers had doubled since the acquisition.

Stock reduction and lower production levels for the rest of the year meant IMS would be unlikely to make a profit in 1993. Medeva bought IMS for a drug used to treat heart attack victims, which it hopes will soon receive FDA approval.

Mr Taylor said the group had shut down the MD Pharmaceutical plant which makes methylphenidate, an amphetamine, to deal with the FDA concerns more easily. Mr Gowrie-Smith said the FDA had been most concerned about the way in which MD dealt with complaints and that procedures had been tightened up.

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GEC-Alsthom improves year-end profits by 8.5%

By John Ridding

GEC-ALSTHOM, the Anglo-French power and transport company, increased its net profits 8.5 per cent to Ecu318m ($359.34m) in the year to the end of March 1993.

The group, formed in 1989 as a 50-50 joint venture between the UK's GEC and Alcatel Alsthom of France, achieved the result on sales of Ecu7.98bn, an increase of 6 per cent over the same period last year.

The improved profits reflected the strength of the principal business activities – power generation and distribution and transport.

"These areas have been very resilient in the face of Europe's recession and we have also enjoyed strong exports elsewhere," the company said.

In the power generation division – which provides the bulk of the group's revenues – the main sources of income were large power station projects in Asia and Europe.

The results included revenues from a $600m contract in the Netherlands to build a combined cycle gas turbine power station, which uses both steam and gas to power the turbines. GEC-Alsthom has also seen strong demand for coal-fired power stations in eastern Germany.

Transport operations, best known for the TGV, the high speed train, also saw increased orders.

The results benefited from the contract to supply rolling stock to the Paris-Brussels-Cologne-Amsterdam high speed rail line and from a contract to supply standard rolling stock for the Channel tunnel.

The company said the order book continues to be strong, increasing to Ecu15.59bn at the end of March 1993, compared with Ecu13.79bn at the end of the previous year.

GEC-Alsthom is currently bidding for a series of power generation and transport projects including the contract for a high speed rail network in South Korea. Mr François Mitterrand, the French president, will lobby on behalf of the TGV during a visit to Seoul in September.

The TGV is competing against Germany's ICE, manufactured by a consortium headed by Siemens.

Pinault-Printemps in share sale

By John Ridding

MORE THAN 10 per cent of the shares of Pinault-Printemps, the French retailing group, may be sold in a public offer, the company said yesterday.

In a prospectus Société Alsacienne de Magasins, a subsidiary of Pinault-Printemps, said it planned to sell at least half of the 2.9m shares – about 22 per cent of the total – it holds in its parent company.

According to Samag, the shares are being sold to increase the number of Pinault shares in public hands. The move is also necessary under French company law which requires the disposal of Samag's stake in Pinault-Printemps within one year of the merger between Pinault and Printemps. The merger was completed in December last year.

The sale of Samag's holding, which is conditional on market conditions, is through an offer on the Paris stock market and a private placing for international investors. The international tranche, to be placed by BZW, and merchant bank, will be subject to a 15 per cent clawback if the domestic portion is oversubscribed.

Mr François Pinault, Pinault-Printemps chairman, and the other members of the Pinault family together control about 39.6 per cent of the capital of the group and just over 50 per cent of the voting rights.

The family holding intends to take up sufficient shares in the tender to keep its stake unchanged.

Analysts said Mr François Pinault may also be manoeuvring to gain control of Fnac, the books and records retailing group, which issued options to sell a controlling stake to two financial companies earlier this month.

RBS buys private bank for £10.5m

By John Gapper
Banking Correspondent

ROYAL Bank of Scotland is buying Adam & Co, the Edinburgh private bank, a year after Adam's capital was temporarily wiped out by a £21m ($31.5m) loss from unauthorised foreign exchange dealing.

Royal Bank is paying £10.5m for the private bank which was formed in 1983. Some £9.5m of that will go to Mrs Françoise Schlumberger Primat, a French shareholder who rescued Adam & Co last year by injecting £21m.

Mrs Primat, 75, chose to take the loss rather than wait for her convertible preference shares to be repaid over 20 years. They had a zero coupon for the next 10 years and then a 5 per cent annual payment.

Mr James Laurenson, Adam's deputy chairman and managing director who will become a non-executive director, believed Mrs Primat had "decided that there was an inherent loss, and that she should crystallise it now".

The net asset value of Adam & Co, which has 4,000 private banking clients, is £13.5m. Mr Laurenson said it had opted to sell at a discount to book value because it would be burdened by the repayment of Mrs Primat's preference shares.

Mr Laurenson said Lazard Brothers, the merchant bank which was retained to advise on the future of Adam, had recommended the sale as the bank would otherwise be held back.

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Status of France Telecom to be changed

By John Ridding in Paris

MR GERARD Longuet, the French minister for industry, post and telecommunications, yesterday announced plans to transform the state telephone company, France Telecom, into a joint stock company with majority state control.

A statement from the industry ministry said that the change in status could help the company expand internationally and forge alliances with international telecom companies.

The move is also designed to prepare France Telecom for the liberalisation of the European telecoms market due to take place on January 1 1998.

Telecoms analysts said Mr Longuet's decision partly reflected concerns that France Telecom had failed to clinch an alliance with MCI, the US telecoms company. France Telecom and Deutsche Bundespost Telekom, its German counterpart, lost out to the privatised British Telecom which bought a 20 per cent stake in the US company last month.

"It was a failure to lose MCI," Mr Longuet said in an interview with Les Echos, the French financial daily, earlier this month. "We were beaten to the post by BT."

Mr Longuet has also expressed his belief that Deutsche Bundespost Telekom is "a natural partner on the European continent".

Mr Marcel Roulet, president of France Telecom, has indicated in several statements since the beginning of this month that he foresees crossholdings with the German telecommunications operator once the statutes of France Telecom have been changed.

Until 1991, France Telecom was an "administration", or a branch of the government. It then changed to become an "autonomous operator under public law".

The process of changing the status of France Telecom, which will require legislation, is expected to take several months.

Awaiting life in an altered state

John Ridding reports on the removal of uncertainty for Rhône-Poulenc

Within the next 10 days, the French government is due to announce the names of the first companies it plans to sell as part of its ambitious privatisation programme. It is a reasonable bet that Rhône-Poulenc, one of the world's 10 largest chemicals group, will be near the top of the list.

"Rhône-Poulenc and Elf (the state-owned oil company) are running neck and neck," said Mr Gerard Longuet, industry minister, recently.

A series of share placings, the most recent in January, has already reduced the state's direct shareholding in Rhône-Poulenc to about 43 per cent, with a further 20 per cent being held by state-controlled institutions. But for investors already holding Rhône-Poulenc shares, and for potential investors in France and elsewhere, the prospect of full privatisation focuses attention on the group's prospects and how they might be affected by the expected sale.

For Mr Jean-Pierre Tirouflet, Rhône-Poulenc finance director, the main advantage of privatisation would be a removal of uncertainty. "Since 1985 we have been constantly told by the government that we will be privatised or we will stay in the public sector. It is very difficult to lead a constant financial policy or a normal relationship with shareholders with such uncertainty and it impedes the ability of the company to finance itself on the market."

The problem takes two forms. On the one hand, shareholders must take account not only of the company's management and strategy in evaluating Rhône-Poulenc's stock, but

Rhône-Poulenc (FFr bn)	1990	1991	1992
Net sales	78.4	83.8	81.7
Operating income	4.6	6.3	6.8
Net income	1.1	1.2	1.5
Capital expenditure	7.5	7.7	5.8

also of the state's intentions and the possibility that between FFr12bn ($2.04bn) and FFr15bn of new shares may come on to the market following a sale of the government's stake. At the same time, raising new capital through share issues is complicated by the need to time the issues with the process of obtaining approval from the government.

From a financial perspective, therefore, Mr Tirouflet has little doubt; "the sooner privatisation, the better".

In another important respect, however, privatisation would involve greater uncertainty. The sale of the government's stake would remove a stable investor and raise the question of the future shareholding structure. The solution, according to Mr Tirouflet, is the creation of a *noyau dur*, a core of long-term shareholders to replace the state.

"We need strong shareholders on board with deep financial interests," he says. "We would like them to be from different areas and ideally to include an industrial company."

In terms of the day-to-day running of the business, however, the company believes life after privatisation will remain fairly constant. "We have not had uneconomical interference and have managed to change substantially while being a state-owned company."

This change has involved e far-reaching restructuring of the company eince Mr Jean-René Fourtou took over as chairman and chief executive in 1986. The group has moved away from bulk chemicals and increased its presence in higher value added markets such as pharmaceuticals. In 1990, for example, Rhône-Poulenc merged its healthcare business with Rorer of the US, becoming the world's tenth largest pharmaceuticals company.

Over the past five years, the group has spent about FFr40bn on acquisitions and disposed of about 80 affiliated companies. Last year alone, the value of disposals totalled more than FFr4bn.

The reorganisation is not finished, nor may it ever be. "I don't think etability is a target," says Mr Tirouflet. "You think you have the right balance and then the markets change or you develop a new product and your outlook ie different."

The restructuring of the specialty chemicals division is still not complete and further consolidation is expected in the group's fibres activities. The programme of disposals also continues apace. Earlier this month, Rhône-Poulenc sold its 35 per cent stake in Roussel-Uclaf, the specialty chemicals business, which will raise about FFr4.5bn. Last week, the group announced it was cutting a quarter of the jobs at its French fibres business.

The restructuring of the group has increased its resilience to difficult market conditions, in particular the effects of European recession, the sharp fall in prices for fibres such as nylon and polyester, the depressed market for base chemicals and pressures on healthcare expenditure in some of its principal markets. Last year, the group raised net profite by 23 per cent to FFr1.52bn, albeit on the basis of modest earnings in 1991.

This year, the conditions facing the company remain difficult. "The chemical industry is in one of its most serious crises in recent history," according to Mr Tirouflet. The group's agricultural division is suffering from reduced demand resulting from cuts in production arising from Europe's common agricultural policy, while prices for fibre products continue to fall in response to cheap imports from eastern Europe. In the first quarter of this year, the group's sales of fibres in Europe fell by about 25 per cent.

Despite the economic environment, however, most analysts expect another increase in profits this year. Mrs Catherine Leveu, chemicals analyst at Cholet Dupont Crédit Lyonnais, argues that the strength of the pharmaceuticals business and reduced financial charges resulting from the sharp reduction in French interest rates since the advent of the new government in March, should enable the group to achieve net profits of about FFr1.75bn this year with another increase in 1994.

How attractive this appears to investors will become clear after the green light is given by the government. The main concern for the company is that it is appealing enough to form a *noyau dur* to ease the upheaval of a move to the private sector.

Fee commissions help lift BBV 6.4% at half-time

By Tom Burns in Madrid

BANCO BILBAO Vizcaya, the Spanish retail bank which has a large industrial portfolio, yesterday reported first-half net profits of Pta44.6bn ($327m), a 6.4 per cent increase on the first six months of last year.

The result was achieved despite a 26.5 per cent drop in extraordinary income through disposals.

The strong performance was based on a sharp increase in fee commissions, which included income earned in currency operations and trading in Spanish government debt, a market in which BBV is a large participant.

The BBV group, which has aggressively recovered non-performing loans, pushed its operating profits, based on financial products, up by 16.4 per cent to Pta53.9 per cent. The bank raised its net provisions by 28.7 per cent to Pta25.5bn.

● Banco de Santander, the Spanish banking group, yesterday launched a Pta13.5bn mortgage securitisation bond, the first of its kind in Spain. The instrument, which will have an average life of 5.6 years, carries e 10.25 per cent coupon, paid every six months, and is open to both institutional investors and the retail market.

In May Santander, which has a low mortgage market quota, broke into the sector when it offered sharp rate cuts to home buyers with an offer of 12-year mortgages at 11.50 per cent.

Heavy buying by retail investors lifts Primerica

By Richard Waters in New York

PRIMERICA, the financial services group built by Mr Sanford Weill into the second-biggest stockbroker in the US, yesterday reported second-quarter net income of $186.4m, up from $149.6m a year earlier.

This was achieved on the back of continuing heavy stock market investment by retail investors across the US.

The figures were also bolstered by the inclusion of a $25.3m contribution from its 27 per cent stake in Travelers, the insurance group, acquired last September.

The group's Smith Barney broking subsidiary, which is due to complete the takeover of stockbroker Shearson from American Express at the end of this month, turned in record earnings of $57.7m. This was up from $42.4m in the same period in 1992 and just ahead of the $57.5m of the first quarter.

Commission income from trading was up by a quarter on a year earlier, at $145m, though it had fallen slightly from the peak of the first three months of this year.

The takeover of Shearson had been delayed for operational reasons until the end of this month, and the absorption of the broker was continuing without problems, Primerica said.

Stripping out the contribution from Travelers and other interest, net income from continuing operations was $161.1m, up from $144.9m the year before.

A marked fall in loan-losses helped the group's consumer financial services division to turn in net income of $51.3m, up from $47.5m. The rate of write-offs fell to 2.34 per cent, from 2.86 per cent a year before.

Income from insurance services was down at $60m from $64.7m, due to a charge of $4m to reflect a minority interest and flat sales of life insurance products at Primerica Financial Services.

"We couldn't be more pleased with our company's performance," said Mr Weill.

The group had extended its debt profile, taking to 70 per cent the proportion of debts which are long-term and giving it greater flexibility to finance further growth, he added.

Earnings per share advanced to $1.02, from 90 cents in the same quarter in 1992, but down from the first quarter's $1.03 a share.

Mexican media group plans NYSE offering

By Damian Fraser in Mexico City

THE NEW owners of the privatised Mexican television stations and cinema chain have announced plans to take their media company public within 12 months in an offering on the New York Stock Exchange.

Mr Ricardo Salinas Pliego, president of Radiotelevisora del Centro, said the offering would be up to 49 per cent, the maximum permitted under the privatisation.

Mr Salinas also said he would be taking his family's Grupo Elektra public on the NYSE at the end of this year or beginning of next, probably offering about 20 per cent of the capital.

Radiotelevisora bid 2bn pesos ($641m) for state-owned Channels 7 and 13, 126 cinemas, and a local television station. The bid was 30 per cent higher than the next best offer. The company offered about $500m for the television stations, and $140m for the cinemas, Mr Salinas said.

Grupo Elektra is Mexico's largest electrical retailer, with about 275 stores throughout the country. Mr Salinas said he believed the company was worth at least 15 times earnings, or $600m.

Mr Salinas will use the proceeds from the two offerings to pay off an 18-month bridge loan taken on to finance the purchase of the media package.

Mr Salinas was confident his new company could survive alongside Televisa, which has about 90 per cent of the Mexican television market.

Unisys ahead despite sluggish sales

By Louise Kehoe in San Francisco

UNISYS, the US computer manufacturer, increased operating profits in the second quarter, in spite of sluggish market conditions which reduced sales.

Net income for the quarter was $103m, or 39 cents a share, fully diluted.

This compares with last year's $88.4m, or 35 cents, before a tax benefit, which raised income to $105.4m or 45 cents per share.

The average number of fully diluted shares in the latest quarter was 198.6m, against 167.8m a year ago.

The increase reflects the issue of $345m of 8.25 per cent convertible subordinated notes in June 1992.

Revenue for the quarter was $1.93bn, down from $2.09bn in the same period last year.

"Profitability has improved year to year despite increased economic weakness in Europe and Japan," said Mr James Unruh, chairman and chief executive.

"Further improvement in gross profit margins coupled with continued reduction in operating expenses has resulted in an operating profit margin of 11.3 per cent, the highest in five years," he added.

Unisys would "retain tight cost and expense controls to deal with the uncertain economic environment and continue to focus on revenue opportunities with good margins", Mr Unruh said.

Unisys said its debt, net of cash, stood at $1.4bn at the end of the second quarter.

The company's debt-to-capital ratio fell to below 37 per cent, compared with a high of 61 per cent two years ago.

James Unruh: operating profit margin 'highest in five years'

Unisys's credit rating has recently been upgraded by both Moody's and Duff and Phelps, the credit rating agencies.

The company said that declines in sales of hardware in Europe and Japan were partly compensated for by growth in revenues from software, services and systems integration.

European orders and revenues were also negatively affected by currency translation, the company added.

At the half-way stage, net income was $363.6m or $1.48 a share, including a net gain from one-time items in the first quarter of $303.8m, or 83 cents a fully-diluted share.

In the same period last year net income was $153.7m, or 56 cents a share, including $17m or 10 cents a share, from the tax benefit.

Revenues were $3.83bn, against $4.1bn for the first six months of 1992.

Whirlpool surges 39% to $74m for second quarter

By Martin Dickson in New York

WHIRLPOOL, the world's biggest maker of large home appliances, yesterday reported a 39 per cent leap in second-quarter net earnings, helped by higher unit shipments and cost-containment efforts.

The company reported net earnings of $74m, or $1.04 a share, against $53m, or 75 cents, in the same period of last year on revenues which rose 4 per cent from $1.83m to $1.91bn.

Mr David Whitwam, chairman, said the quarterly earnings and unit shipments and sales were the company's best ever. "Our emphasis on productivity improvement and cost containment continues to produce outstanding operating leverage," he added.

In North America, the company said revenues and earnings both ran well ahead of 1992 performance.

North American industry shipments of the nine most important home appliances were up around 2 per cent in the quarter and were expected to be up around 3 per cent for all of 1993.

In Europe, the company's unit shipments rose despite a comparatively weak industry performance and the continent's recession.

Operating margins improved, helped by lower selling and administrative expenses and a "notable year-over-year improvement within the subsidiary's compressor operations".

Whirlpool expected European industry shipments for 1993 to be off about 2 per cent from 1992.

Other overseas operations saw revenues nearly double, though planned selling and administrative expenses for expansion in Asia contributed to a drop in operating profits.

For the first six months, Whirlpool suffered a net loss of $88m, or $1.23 a share, compared with net earnings of $89m, or $1.25, in 1992.

However, 1993's first-quarter figures were affected by two special charges, without which first-half earnings would have totalled $132m, or $1.85 a share.

Upjohn income advances 8% as turnover rises to $915m

By Karen Zagor in New York

UPJOHN, the US pharmaceutical company, yesterday reported a 4 per cent rise in second-quarter sales to $915m and an 8 per cent improvement in operating income.

Net income for the three months to June 30 was $125.3m, or 70 cents a primary share, against $123.9m, or 69 cents, a year earlier. Operating income rose to $163.2m in the 1993 quarter, against $151.6m.

Sales of Halcion, Upjohn's controversial sleeping pill which has been banned in the UK, rose slightly in the second quarter. In the first quarter Halcion's worldwide sales dropped nearly 29 per cent, to about $10m.

The Kalamazoo, Michigan-based company is looking to new products to replace several important drugs which are losing their patents.

Three of Upjohn's most important products – Halcion, Xanax and Micronase – will face generic competition next year. Ansaid, a non-steroidal anti-inflammatory, has already lost its patent.

In the US, second-quarter sales of healthcare products grew 16 per cent, with new products contributing more than 7 per cent of domestic sales. Incentives to consumers helped lift sales of Rogaine, Upjohn's hair-loss treatment. Outside the US, healthcare sales rose 11 per cent in the quarter.

Agricultural sales, however, fell 32 per cent in the three months. The company blamed recent changes to calendar-year from fiscal-year accounting for the decline, although weak corn sales in the US hurt seed sales. Reductions in soya-bean acreage in Italy were reflected in declining sales overseas.

For the first half of 1993, net income rose to $269.9m, or $1.51, from $38.6m, or 19 cents. In the first half of 1992, Upjohn took charges of $222.9m for accounting changes, compared with charges of $7.8m in the first half of this year.

Operating income advanced more than 5 per cent to $347.3m from $329.2m. Sales rose 5 per cent to $1.85bn.

Salomon unit to put $200m in oil project

SALOMON'S Phibro Energy offshoot plans to invest about $200m in a residual fuel oil upgrading project for its two refineries in Texas, Reuter reports from Houston.

Complation of this project, expected by the end of the first quarter of 1996, will allow the Texas City and Houston refineries to prodnce more than a 90 per cent yield of high value transportation fuels while processing high snlphur heavy feedstocks, Phibro said.

As part of this project, Phibro agreed to buy Dow Chemical's 200,000 barrel per day Oyster Creek refinery in Freeport, Texas, and will dismantle and remove all the equipment. Mncb of this will be used in the upgrading project.

Inland Steel sees return to black

INLAND Steel Industries of Chicago yesterday posted its best quarterly results in almost three years during the second quarter, and issued a bullish forecast, Reuter reports from Chicago.

"We are confident that Inland will return to profitability during the second half of the year," said Mr Robert Darnall, chairman.

Of the improved quarterly results, Mr Darnall said: "We are finally beginning to see the tangible benefits of our turnround strategy.

"Our new facilities are progressing toward their design capabilities and our cost-reduction efforts are on target. Although new orders have slowed a bit in recent weeks, steel shipments this year will show their greatest year-over-year increase since 1983," Mr Darnall added.

Inland recorded a second-quarter net loss of $2.5m, or 30 cents a share, compared with a year-ago net loss $8.5m, or 53 cents.

Sales advanced to $996m from $909m in the 1992 period.

The company said both of its business segments posted improved operating results. Inland Steel Co achieved an operating profit for the second consecutive quarter, while Inland Materials Distribution Group doubled its operating profit from the year-earlier period.

I/N Kote, Inland's newest joint venture with Nippon Steel of Japan, advanced on schedule and operated at 86 per cent of capacity during June, the company said.

Mr Darnall said that the US International Trade Commission was scheduled to rule this month on the final phase of the industry's trade cases against imports of "dumped" and subsidised steel from 20 countries.

"If that ruling is favourable, as we expect, it will significantly reduce the flow of unfairly traded steel coming into this country and provide a more stable environment for the company and our employees," he added.

Marriott opens $1.5bn offer to swap bonds

By Martin Dickson

MARRIOTT Corporation, the large US lodging and food services group, yesterday announced the start of its offer to exchange $1.525bn of existing bonds for new high yielding debt securities, common stock and cash.

The offer stems from Marriott's plan to demerge its main operating interests – the lodging business and food services operations, to be known as Marriott International – from its property assets and the bulk of the group's debts, in a business to be known as Host Marriott.

The demerger plan sent the valne of Marriott's bonds plunging and angered its bondholders, who pressured tha company into the exchange offer.

However, some investors, led by a subsidiary of the UK's Prudential insurance group, are pursuing court action against Marriott for alleged fraud in connection with the demerger.

The demerger will be considered by Marriott shareholders at the company's annual meeting this Friday.

Consummation of the exchange offer – which runs until August 17, but can be extended – is dependent on shareholders approving the demerger.

● Deere & Co, the US farm equipment group, filed a shelf registration with the Securities and Exchange Commission for up to $350m of debt and equity, Reuter reports.

The offering may consist of debt securities, preferred stock, depositary shares, common stock, warrants to buy debt securities, currency and other warrants.

Net proceeds will be used for working capital and other general corporate purposes.

Frontline's SKr420m issue fully taken up

By Hugh Carnegy in Stockholm

FRONTLINE, a Swedish shipping group, said yesterday it had placed new shares worth SKr420m ($53.3m) with a range of international investors to dispel uncertainty arising from its ownership structure and to bolster it against further weakness in world shipping markets.

The group said the issue of 20m shares, which represented 46 per cent of the company's stock, was fully taken up by about 20 pension funds and other institutions in Norway, the UK and the US.

The issue, handled by Fearnley Fonds of Norway, was priced at SKr21 per share. This compared with a buying price of SKr23 and a selling price of SKr29 on the Stockholm stock exchange just before the placement was announced.

Frontlina said no other shipping company was involved in the placement. The company had been the subject of some takeover speculation as two leading shareholders have signalled they will soon sell out their stakes.

One, a Swedish wage-earners fund soon to be disbanded, held 30 per cent of Frontline before the new issue, and the second, Bilspedition, a Swedish transport group, held 10 per cent.

Mr Kjell Jonson, the chief executiva, said the share issue guaranteed that Frontline would be able to ride out any credit problems that might arise if shipping markets remained weak for the next three or four years.

Frontline, with a fleet of about 20 ships, has invested heavily in the past two years in so-called OBO 170,000-tonne combined bulk/liquid carriers. It said it had pre-tax losses in the first six months of SKr120m after depreciation costs of SKr135m.

Ahmanson sells $1.2bn of non-performing loans

H.F. AHMANSON, the US thrift holding company, is selling $1.2bn of delinquent, non-accruing single-family real estate loans, and will add $163m to reserves for certain real estate development projects, AP-DJ reports from Irwindale, California.

The loans are being sold to a subsidiary of Bear Stearns. Ahmanson said it planned to raise about $200m of additional capital to position itself for expansion.

Mr Richard Deihl, chairman and chief executive, said the company "expects to see the earnings benefits of these actions in the third quarter".

He added that, by selling the delinquent loans in a bulk sale, the company benefited by reducing future losses and replacing these non-performing assets with earning assets.

As a result of the sale and addition to reserves for property development projects, the company expects a loss of about $290m for the second quarter and a loss for the year.

In the second quarter last year, Ahmanson earned $57.1m, or 54 cents a share.

It expects to be profitable in the third and fourth quarters.

The sale will reduce the ratio of non-performing assets to total assets to about 2.04 per cent from 5.02 per cent at its peak last year. The ratio of reserves to non-performing loans will rise to about 129.3 per cent from 27.8 per cent at March 31.

Directors at Kirin to resign over payments

By Emiko Terazono in Tokyo

KIRIN Brewery, Japan's largest brewer, said its chairman and two other executives would step down after last week's arrests of four company employees, suspected of paying up to Y33m ($308,411) to sokaiya, or racketeers.

Mr Hideyo Motoyama, Kirin's chairman, Mr Teruchika Isbii, vice-president, and another executive will resign at the end of this month.

Last October, Mr Masatoshi Ito, the president of Ito-Yokado, a leading retailer, was forced to resign after three Ito-Yokado officials were arrested for payments of Y27m to sokaiya.

Kirin's payments to gangsters are believed to have started after a shareholders' meeting in 1983, which lasted five hours due to questions from the racketeers.

The company said it would cut bonus payments for Mr Keisaku Manabe, company president, by 30 per cent, and by 15 per cent for Mr Yasushi Yamamoto, vice-president. Other board members face a 15 per cent cut.

Kirin suspended all beer advertisements last week. The company said the suspension would last "for the time being" saying it was wrong for the company to actively publicise its products at the same time as apologising for the scandal.

● Kirin has acquired 50 per cent of Hiljo, the Dutch flower-exporting subsidiary of Finnish state-owned chemicals group, Kemira.

The Japanese brewer has taken an option to acquire the remainder of Hiljo, which has annual turnover of about $35m, at a later date. No price was announced.

● Faber Group has entered into a joint venture with Granton International, part of the Sheraton International group, to develop a hotel and a commercial complex in Kuala Lumpur, Reuter reports. Faber will take up 51 per cent of the venture company, Inter-Heritage.

Indonesian timber flotation suffers setback

By William Keeling in Jakarta

BARITO Pacific Timber's planned $250m flotation suffered a setback yesterday with the withdrawal of Salomon Brothers, the US merchant bank, as lead foreign underwriter.

Barito is Indonesia's largest integrated timber producer, accounting for 16 per cent of the world plywood market. Its gross profits last year totalled Rp230m ($113m) on sales of Rp769m.

The flotation, consisting of 10 per cent of the company, is expected to value Barito Pacific Timber at about $2.5bn.

Salomon Bros had been asked to co-ordinate and place shares with foreign financial institutions not represented in Indonesia. Salomon Bros would not comment on its withdrawal but the decision resulted from Barito's failure to provide information which "a reasonable investor would expect to see in the prospectus", explained one banker.

An official close to Barito said Indonesian regulations limiting corporate disclosure may have resulted in Salomon Bros having insufficient information to satisfy US regulatory authorities.

Barito executives have begun a two-week road show to publicise the flotation which will take in London today, then Scotland, the US, Japan, Hong Kong and Singapore. Brokers said the flotation would proceed, although Makindo Securities, the Indonesian broking house lead-managing the issue, may find it harder to attract foreign investors.

Crosby Securities, which specialises in Asian markets, and Schroders, the UK investment bank, were still supporting the flotation, brokers said. Several broking houses, including Wardley James Capel, have published subscribe notes to clients.

The issue has been dogged by bad publicity since it was formally announced two weeks ago. Barito executives denied a document, allegedly compiled by government officials, which named the Barito Pacific Group as one of 26 companies in arrears on state bank loans last December.

Government officials have refused to confirm or deny the document's authenticity.

Executives of Barito Pacific Timber said the company's debt was $584m at the end of last year and they have letters from the state banks confirming that all Barito Pacific Group subsidiaries were fully servicing their loans.

The Barito Pacific Group has more than 100 timber, petrochemical, agribusiness and financial services subsidiaries and a turnover of about $2.5bn. Mr Prajogo Pangestu, chairman of Barito Pacific Group, declined to give a figure for total group borrowings.

"I know exactly how big our loan exposure is but I cannot disclose it to the public," said Mr Pangestu, who explained the figure was subject to Indonesia's bank secrecy laws.

Last week, Mr Pangestu was summoned to parliament after announcing that Taspen, the largest state pension fund, took a 20 per cent stake in Barito Pacific Timber for Rp375bn last February.

The government has said it would review the transaction, along with all of Taspen's investments in private companies. Mr Pangestu defended the deal which he said followed all necessary procedures.

Techint instigates a 30-year-old plan

John Barham reports on the Argentine group's expansion strategy

Techint, the Argentine steel-to-oil group, is using the country's enthusiastic embrace of privatisation and free market economics to press ahead with plans first batched in the 1950s.

For three decades, interference by the government and the army frustrated its ambitions to grow into a big, integrated steel maker. But the new economic climate has enabled Techint to forge ahead with an expansionist strategy in a highly competitive steel market.

Acting through Siderca, its seamless pipe unit, Techint last month took management control of Tubos de Acero de Mexico (Tamsa), a Mexican steel pipe maker it helped set up in 1954.

It paid $67m cash to increase its stake to 24 per cent when the loss-making company made a rights issue.

Latin America's small equity markets and family-owned private companies make takeovers such as this rare. Techint was able to take control of Tamsa because of its unusually dispersed shareholding and New York stock exchange listing.

The trend to mergers and takeovers should increase as more Latin companies are forced to go public to raise capital.

Techint has wasted no time laying its plans for Tamsa.

A Techint executive said: "We will work on the obvious synergies."

Each company makes different types of steel pipes, which are used in the oil drilling industry, so there is little danger of competing in overlapping markets.

Siderca has a strong international sales network and will offer a wider range of products. It will be able to advance more easily into the Mexican and North American markets.

The two companies have a combined share of about 20 per cent of the world market for seamless piping, although a group of four Japanese companies led by Sumitomo has a dominant 40 per cent share.

Techint is setting up a joint venture with Confab, Brazil's biggest maker of welded pipes, to share the cost of overseas sales networks and broaden product ranges.

However, Techint is preparing for a long hard slog. Tamsa and Siderca export more than 80 per cent of output, but the trading outlook is cloudy. Demand in the former Soviet Union, a big market for Siderca, has slumped, drilling in the rest of the world is down and competition is getting ever tougher.

On one level, Argentina's privatisation programme could make life less comfortable for Siderca.

YPF, the oil group which is Siderca's biggest local client, threatens to become more choosy in placing orders now that it has moved into the private sector.

However, Techint hopes Tamsa and Siderca, supported by stronger balance sheets, will be able to hold their own in the international market.

Within two or three years, says a Siderca executive, "there will be fewer companies and we expect to be among the winners. The others do not have the excellence, the management or technology to continue in this very competitive market."

Brave words, but Siderca has been going through hard times. It lost $96.7m in its last financial year following a decline of a third in output.

Like many other large Argentine companies, Siderca is part of a closely-held family-dominated holding company. This shields management from the short-term outlook of minority shareholders, but Techint's murky inner workings make it hard to monitor strategic progress.

The takeover of Tamsa follows Techint's acquisition of Somisa, a steelmaker, when it was privatised last year. Techint led a consortium that paid $140m for 60 per cent of the company, renamed Aceros Parana.

Techint then absorbed Aceros Parana into its Propulsora steel plant, allowing it to fulfil its long-held ambition of becoming a fully-integrated steel maker.

In the 1970s, the army blocked Techint's plan to build a steel mill to compete with Somisa, the military-controlled steel company.

However, Techint is still facing competition from recession-bound Brazilian companies and as a result, Propulsora lost $2.8m in the first half of this financial year. Fortunately for Techint, the government has imposed countervailing duties on Brazilian steel imports.

As in pipes, Techint has forged international alliances to strengthen its steel business.

Its allies in the Aceros Parana privatisation were CAP, the Chilean steelmaker; Usiminas, Brazil's privatised steel mill and CVRD, the Brazilian state-owned iron ore producer.

Little more than a decade ago, the military would have vetoed alliances with Chile and Brazil, Argentina's bitter rivals, in a strategic industry such as steel, as a threat to national security.

Today, both companies and governments see cross-border alliances and takeovers as a key to survival.

Consortium to advise on NSC privatisation

By Andrew Baxter

A consortium has been formed to advise on the forthcoming privatisation of National Steel Corporation, the largest steel producer in the Philippines.

It will include Beddows & Company, the international consulting firm, which is teaming up with financial advisers Barclays de Zoete Wedd and All Asia Capital. They expect to complete a study by early September recommending the method of privatisation.

The privatisation of NSC is an important part of President Fidel Ramos' programme to eliminate state presence in business, and is aimed at positioning the company to take advantage of growth in steel demand in south-east Asia.

The government said last month it expected to generate 10bn pesos ($377.3m) from the sale of NSC. The proceeds would be used to settle NSC's maturing debts and help finance the establishment of an integrated steel plant, expected to cost at least $1.9bn.

NSC has been modernising and upgrading its facilities. But it still relies on imported slabs to make hot strip and tin mill products.

An integrated steel plant would allow the company to reduce its dependence on imports, and cut the Philippines' foreign exchange bill.

EARNINGS IN THE FT

Readers of the FT's London Share Service pages will have started to notice a capital N against the names of some companies.

The N symbol means that the version of the company's earnings used in the FT's statistical calculations now follows the "headline earnings" formula devised by a subcommittee of the Institute for Investment Management and Research (IIMR) and proposed in draft form (still subject to final review) in early March.

This formula represents a broad consensus on the "single number" that should be used for UK companies' earnings under the Accounting Standards Board's Financial Reporting Standard 3.

The IIMR headline earnings formula emphasises a company's actual activities during the reporting period, including those activities which have been with the company only for part of the period. Key features are:

- All trading profits/losses are included in the earnings number. Items which are abnormal in size or nature are included but should be flagged.
- Profits and losses on the sale of fixed assets or of businesses should be excluded. This does not apply to assets acquired for resale, such as marketable securities.
- Profits and losses arising in activities discontinued at some point in the period, or in activities acquired at some point in the period, should remain in the earnings figure. Costs of eliminating a discontinued operation, or of making an acquisition, are excluded.

Further information on the FT's treatment of earnings is available from The Manager, FT Statistics, One Southwark Bridge, London SE1 9HL.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, July 19, 1993. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INTERNATIONAL CAPITAL MARKETS

French sector steady despite worries over ERM

By Peter John in London and Karen Zagor in New York

DOOM-LADEN predictions about the end of the European exchange rate mechanism refused to die down yesterday but the French government bond market, which is close to the centre of those predictions, was surprisingly steady.

The Notionnel 10-year bond future for September opened at 120.32, edged some 20 centimes higher in the morning and then drifted back to close unchanged.

GOVERNMENT BONDS

The French franc continued under pressure against the D-Mark but the government bond market shrugged off currency tensions.

Traders said that inflationary pressures were so low that the debt market would remain attractive for some time. They said that international investors concerned about the currency would hedge against further falls by buying D-Marks rather than selling French bonds.

The brief rise in mid-morning came after the German Bundesbank announced a surprise two-day reverse repo at 7.15 per cent, down from the current repo rate of 7.28 per cent.

Against the usual trend, the German central bank bought D-Marks in order to drain money from the system following the heavy franc/D-Mark speculation of recent days and sold currency, probably dollars.

■ GERMAN bunds traded slightly easier yesterday with some switching into domestic public authority bonds. The Liffe bund futures contract for September fell by 0.03 to 96.23.

■ RECENT attacks on the Danish krone left their mark on Danish government bonds, which fell at the 10 and five-year level. The yield on 8 per cent government stock dated 2003 rose to 7.16 per cent from 7.03 per cent while the yield on the 8 per cent bond due 1998 rose to 7.18 per cent from 6.8 per cent.

Mr Jonathan Davis of UBS said: "It is a fairly hefty increase but the fundamentals are good and the only thing holding back the performance is the concern of currency hedging."

FT FIXED INTEREST INDICES

	July 19	July 16	July 15	July 14	July 13	Year ago	High *	Low *
Govt Secs (UK)	98.23	98.31	98.45	98.46	97.90	86.98	98.46	93.28
Fixed Interest	117.15	116.97	117.01	116.04	118.53	105.89	117.15	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 117.15 (16/7/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	July 16	July 15	July 14	July 13	July 12
Gilt Edged Bargains	105.5	123.3	119.0	110.2	102.3
5-Day average	112.1	110.4	104.2	101.9	101.7

* SE activity indices rebased 1974

■ IN THE UK, investors shunted along the yield curve to avoid concerns hanging over the short end and middle reaches. Short-dated prices fell as traders responded to a raft of stories in the weekend press highlighting the signs of economic recovery and the consequent fading chance of a cut in base rates.

Meanwhile, the market shunned five to eight-year maturities ahead of the announcement of the precise details (due today) of the next big gilts auction set for July 28.

The Bank of England said on Friday that it will auction an unspecified amount of stock maturing between 1998 and 2001.

Dealers were loth to be left with gilts maturing between those dates on their hands ahead of a supply boost, which is forecast to be some £3.25bn.

■ JAPANESE government bonds traded in London consolidated following a strong performance in Tokyo dealing.

The prospect of near-term political uncertainty following Sunday's election was overshadowed by hopes of a cut in the 2¼ per cent official discount rate. The yield on the JGB No 145 fell from 4.24 to 4.23 per cent in Tokyo but picked up slightly in London.

■ US TREASURY prices edged slightly lower yesterday morning in dull trading, in the absence of any market-moving news.

By midday, the benchmark 30-year government bond was down 1/32 at 107-21/32, yielding 6.552 per cent. At the short end of the market, the two-year note was off 1/32, to yield 3.972 per cent.

Trading was light. Prices of Treasuries started to slide after oil prices turned higher on news that Opec has scheduled an extraordinary meeting for later this month. The news triggered futures-led selling in the bond market.

Overall, market sentiment remains cautious ahead of today's release of June housing starts and the beginning of Federal Reserve chairman Alan Greenspan's Humphrey-Hawkins testimony before the House Banking Committee.

The Federal Reserve entered the open market to arrange three-day system repurchase agreements when Fed funds were trading at 3 3/16 per cent, slightly above the Fed's perceived target for the rate of 3 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	03/03	117.2400	+0.384	7.08	7.13	7.60
BELGIUM		9.000	03/03	113.5600	+0.108	7.02	7.07	7.18
CANADA *		7.500	12/03	102.9500	+0.250	7.09	7.14	7.37
DENMARK		8.000	05/03	105.7500	-0.900	7.18	7.08	6.97
FRANCE	BTAN	8.000	05/98	197.6931	+0.201	6.09	6.23	6.21
	OAT	8.500	04/03	112.5200	+0.150	6.70	6.82	6.80
GERMANY		6.750	04/03	101.6700	-	6.51	6.55	6.70
ITALY		11.500	03/03	104.7250	+0.395	10.98†	11.07	11.50
JAPAN	No 119	4.800	06/99	103.7584	-0.275	4.01	4.03	4.24
	No 145	5.500	03/03	107.6474	-0.016	4.24	4.30	4.43
NETHERLANDS		7.000	02/03	104.5800	+0.260	6.34	6.42	6.51
SPAIN		10.300	06/02	100.3826	-0.172	10.22	10.26	10.33
UK GILTS		7.250	03/98	102-04	-3/32	6.71	6.68	7.00
		8.000	06/03	103-23	-10/32	7.46	7.49	7.76
		9.000	10/08	110-03	-3/32	7.85	7.92	8.13
US TREASURY *		6.250	02/03	104-04	+3/32	5.68	5.73	5.91
		7.125	02/23	107-20	+4/32	6.54	6.63	6.80
ECU (French Govt)		8.000	04/03	105.4700	-0.198	7.19	7.17	7.14

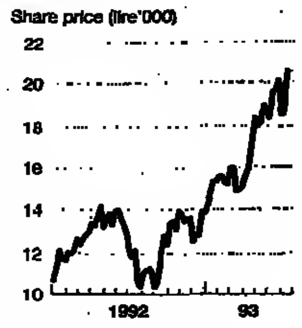
London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Knock-out equity warrant deals make a comeback

By Laurie Morse

Benetton

Share price (lire'000)



Source: FT Graphite

HIGHLY structured equity-linked transactions seem to be making a comeback in the Eurobond markets, with obvious advantages to issuers and some quirky appeal to investors.

Most recently, Swiss Bank Corporation launched a L200bn bond and "knock-out" equity warrants deal for Benetton, the Italian clothing manufacturer and retailer. The issue, which has characteristics similar to the warrants offering the bank put together in March for Roche, the Swiss drug company, gives investors the fixed-income return of a bond and limited equity exposure to Benetton's share price.

The issue allowed Benetton to borrow at better rates than conventional bonds, and the warrants dilute the equity to a lesser extent than a regular convertible bond.

Investors liked the deal because the cash flows from the bonds can be readily swapped, and the warrants could be either purchased separately or stripped from the bond. The deal offered money managers high-quality exposure to the Italian stock market, since the warrants acted like synthetic shares.

However, because the cap feature of the warrants limits their potential returns, most investors would prefer to buy Benetton shares outright. The warrants are aimed squarely at Swiss and German buyers, who find the after-tax returns from the warrants are higher than for a straight bond.

The Benetton warrants were priced at 96 per cent of the share price, at L17,983. Investors will participate in share price appreciation up to, but no higher than, L29,873.

On the downside, investors are guaranteed a maturity price of no less than L21,543. However, the downside "put" is conditional. If the share price rallies above the L24,353 "knock-out" price during the three-year life of the warrants, put protection disappears. Warrant exercise is possible only on the maturity date.

If the Roche deal is any indication, Benetton's warrant purchasers had better prepare for a knock-out. Roche shares hit their knock-out level of SFr5,000 two weeks ago, forcing investors to either trade out of the warrants, buy their own puts on Roche shares, or accept unlimited downside share price risk.

Traders estimate that Benetton's borrowing costs in the deal will amount to 5 to 6 per cent, while investors will harvest a 10 to 12 per cent annual return in lira terms, modest compared to a flat Libor yield of about 10.5 per cent.

Mr Andrea Mandel-Mantello of SBC said future knock-out warrant deals will be limited. "Only companies that are extremely confident of their potential share performance will venture into these vehicles," he said. Also, successful issuers must be well-known internationally and have high-quality credit.

Correction

Mercury Life

SG Warburg was yesterday wrongly described as the architect of a new money purchase service with a guaranteed fund. Mercury Asset Management (MAM) is offering the product through its Mercury Life Assurance Company subsidiary. Munich Reinsurance is to provide reinsurance on the potential liabilities of Mercury Life in connection with the fund. MAM is 75 per cent owned by the SG Warburg Group.

Mortgage bond issue by Banco Santander

By Tracy Corrigan

BANCO Santander, the Spanish bank, has launched a Pta13.5bn issue of mortgage-backed bonds in the Spanish market, the first under Spain's new securitisation law which has clarified tax problems facing issuers of mortgage-backed debt.

Banco Santander had already issued two mortgage-backed deals under the previous law, using a different structure.

The bonds have a semi-annual coupon of 10¾ per cent and mature on June 30 2010, but are expected to have an average life of 5.7 years. The mortgage loans represent 47.15 per cent of the current value of the properties on which they are secured.

The bonds are rated AA by Ibcrating, Standard & Poor's Spanish subsidiary.

Aggressive terms for World Bank L300bn deal

By Sara Webb

THE WORLD BANK tapped the Eurolira sector of the international bond market yesterday, issuing L300bn of 10-year bonds on what were seen as characteristically aggressive terms.

The bonds have a coupon of 9.45 per cent and yielded 9.47 per cent at full fees (a price of 99.875). By comparison, one dealer pointed to OKB, the Austrian state-backed financial institution, whose 9.5 per cent 10-year Eurolira bonds were trading to yield 9.55 per cent.

INTERNATIONAL BONDS

"The (World Bank) deal is quite aggressive, but it is going well," said one participating bank, reporting interest from retail and institutional investors in Germany, the Benelux countries and Switzerland.

Another banker said: "It is priced on the tight side, so it won't rush away, but it will get done." The bonds were quoted at 99.90-99.95 by mid-afternoon.

New issue activity in the international bond market appeared to have slowed down yesterday, with only a clutch of deals.

"The dragon bond market, regarded by many as still being in its infancy, saw a further development with the launch of the first Canadian dollar deal targeted at Far Eastern investors.

Canada's Export Development Corporation launched a C$250m, five-year dragon bond issue with a yield spread of 29 basis points over the Canadian government benchmark, giving a yield of 6.74 per cent.

"The borrower has a requirement for Canadian dollars. It was sounding out the Euro-bond market, then decided to raise its profile in the Far East with a dragon bond issue," said Mr Andrew Ferguson, deputy managing director of Wardley Capital Limited, which was book-runner for the deal.

The bonds were sold mostly in Hong Kong, although there was some buying interest from Singapore and Korea. Participating banks noted good demand and described the deal as fairly priced.

Latin American names continued to tap the international bond market. Banco Nacional de Comercio Exterior, the Mexican state-run foreign trade development bank, is issuing $200m of 10-year notes as trustee for a special purpose Mexican business trust called Huites Trust. The financing is intended to help pay for the construction of a dam and hydro-electricity facility in Mexico.

The bonds will be priced to yield around 230 basis points over the US Treasury bond. Lehman Brothers, the book-runner, said the pricing is in line with that on Bancomext's recent Yankee bond issue, a seven-year deal yielding 215 basis points over the US Treasury bond.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Bancomext(a)	200	(b)#	(b)R	Aug.2003	1.125R	(b) (6¼%-03)	Lehman Brothers Intl.
Columbus Discovery*‡	180	(c)	100R	Jul.1998	0.25R	-	Salomon Brothers Intl.
Banco Holandes Unido	30	7#	99.75R	Aug.1996	1R	+282(4¼%-96)	ABN Amro Holdings
CANADIAN DOLLARS							
Export Development Corp.	250	6.625	99.526R*	Aug.1998	0.25R	+29 (6½%-98)	Wardley, Hong Kong
ITALIAN LIRA							
World Bank	300bn	9.45	101.75	Aug.2003	1.875	-	BNL/ San Paolo, Turin
AUSTRALIAN DOLLARS							
BMW Australia Finance	100	7	101.875	Aug.1998	2	-	Dresdner Bank

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. *Unlisted. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Borrower is Bancomext as trustee of "Huites Trust". Guaranteed by Bancomext. b) Priced today at about 230bp over treasuries. c) Coupon pays 6-month Yen Libor + 3% in $. Coupons and principal are indexed to Yen. Puttable from 3rd coupon payment date at par.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7.05 pm on July 19

	Issued	Bid	Offer	Chg. day	Yield
U.S. DOLLAR STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OTHER STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DEUTSCHE MARK STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWISS FRANC STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available - previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡ three-month; §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	6	52	21
Other Fixed Interest	2	1	12
Commercial, Industrial	345	233	833
Financial & Property	194	115	491
Oil & Gas	13	25	45
Plantations	0	0	8
Mines	22	54	61
Others	33	61	45
Totals	615	541	1,516

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
125	F.P.	-	132	128	AG Holdings	128		R5.25	1.9	5.1	11.8
100	F.P.	-	107	87	Anagen	87	-1	-	-	-	-
339	F.P.	-	356	356	Baring Chrysalis C	356		-	-	-	-
510	F.P.	-	679	679	Baring Emrg Mkts	679		-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
123	Nil	27/8	37pm	33pm	ACT	37pm	
96	Nil	6/8	3pm	2pm	Alexon	3pm	
75	Nil	13/8	12pm	7pm	Asda Property	12pm	
Ir150p	Nil	25/8	94pm	82pm	Bank of Ireland	94pm	+1
152	Nil	23/8	18pm	8pm	Cranswick	8pm	
350	Nil	27/8	62pm	52pm	English China Clays	60pm	+1
345	Nil	1/9	51pm	33pm	Frogmore	50pm	
60	Nil	20/7	8pm	3½pm	GBE	4pm	
150	Nil	13/8	35pm	14pm	Gt Portland Ests	34pm	
133	Nil	11/8	24pm	10pm	Hardy Oil	10½pm	-½
240	Nil	9/8	115pm	107pm	Hodder Headline	109pm	
320	Nil	9/8	85pm	65pm	Matthew Clark	82pm	
50	Nil	16/8	9pm	4pm	Moran Hldgs	9pm	
8½	Nil	13/8	5pm	1pm	Sutcliffe Speakman	5pm	+2¼
148	Nil	13/8	20pm	0½pm	Wimpey (G)	17pm	+2

pm Price at a premium. † Price offered to public.
For other notes please refer to the Guide to the London Share Service.

TRADITIONAL OPTIONS WERE UNAVAILABLE FOR THIS EDITION.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied-Lyons	500	47	60	69	1	7	14½
(*544)	550	6	27½	37½	11½	25	34½
Argyll	300	15½	28	33	2	9½	15
(*313)	330	1½	12½	16	19	25½	31½
ASDA	57	6½	8½	-	1	3½	-
(*62)	67	1	4	-	6½	6	-
Brit Airways	287	29	40	45½	1	7	12½
(*314)	318	5½	21	28½	7½	18½	25
Cmld Schm A	390	27½	41	51	1½	12½	16
(*415)	430	7	24	35	11	26½	33
Boots	430	18½	34½	42½	2½	13½	21½
(*434)	460	1½	16	23	27½	35	43
BP	280	8½	18	23½	3	12½	16
(*285)	300	1½	9	15	16½	23½	28
British Steel	100	5	11	16	2½	7	9½
(*102)	110	1½	7	11½	0	12½	15½
Bass	460	26	43½	50½	1½	12	24
(*483)	500	2	21	28½	19	30½	45½
Cable & Wire	750	18½	46½	62	5	22	33½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Jul	Calls Oct	Calls Dec	Puts Jul	Puts Oct	Puts Dec
Fisons	160	8	18	21	2½	9½	14½
(*198)	165	1½	6	12	16½	22½	27

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
Brit Aero	390	39½	60	73	6	25	34
(*418)	420	18	43	58	18	40½	49

Option		Calls			Puts		
[illegible]							
(*288)	300	10½	16	21	10½	19	22
Dixons	180	22	29½	33½	4½	9	12½
(*198)	200	10½	18½	23	13	18½	22
Eurotunnel	390	36½	55½	-	18½	32½	-
(*405)	420	21½	41	-	34½	49	-
Glaxo	500	42½	52½	62½	13	31½	41½
(*523)	550	17	29	42½	39½	60½	68½

EURO FT-SE INDEX (*2843)

[illegible]								
Nov	28	38	51	69	83	118	149	181
Dec †	-	46	-	79	-	125	-	189
Jun †	-	32	-	136	-	175	-	231

July 16 Total Contracts 19,053
Calls 8,752 Puts 10,301
FT-SE Index Calls 1,522 Puts 1,654
Euro FT-SE Calls 605 Puts 2,480
*Underlying security price. † Long dated expiry months.
Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Mon Jul 19	Day's change %	Fri Jul 16	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (25)	127.95	-0.09	128.06	1.52	6.63
2	5-15 years (23)	151.59	-0.24	151.95	2.75	6.65
3	Over 15 years (9)	164.49	+0.04	165.83	1.05	7.18
4	Irredeemables (6)	187.91	+0.28	187.38	1.96	7.35
5	All stocks (63)	146.94	-0.15	147.39	2.03	6.83
	Index-Linked					
6	Up to 5 years (2)	188.26	+0.01	188.25	1.43	1.92
7	Over 5 years (11)	176.32	+0.01	176.59	0.39	3.20
8	All stocks (13)	178.54	+0.01	178.77	0.51	3.05
9	Debs & Loans (65)	134.86	-0.13	135.18	2.60	5.75

	AVERAGE GROSS REDEMPTION YIELDS		Mon Jul 19	Fri Jul 16	Year ago (approx.)
	British Government				
1	Low	5 years	6.78	6.74	8.38
2	Coupons	15 years	7.76	7.75	8.78
3	(0%-7¾%)	20 years	7.90	7.91	8.78
4	Medium	5 years	6.95	6.89	0.27
5	Coupons	15 years	7.85	7.84	9.00
6	(8%-10¾%)	20 years	7.94	7.95	8.95
7	High	0 years	7.14	7.09	9.51
8	Coupons	15 years	8.10	8.09	9.18
9	(11%-)	20 years	8.13	8.13	9.05
10	Irredeemables (Flat Yield)		8.06	8.09	9.07
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.81	2.80	4.11
12	Inflation rate 5%	Over 5 yrs.	3.45	3.45	4.42
13	Inflation rate 10%	Up to 5 yrs.	1.99	1.99	3.33
14	Inflation rate 10%	Over 5 yrs.	3.28	3.28	4.23
15	Debs &	5 years	8.47	8.26	10.55
16	Loans	15 years	8.83	8.79	10.35
17		25 years	8.99	8.98	10.22

Pilkington in £90m Italian purchase

By Maggie Urry

PILKINGTON, the glass group, and Techint Finanziaria, its Italian-Argentine parter, last night signed a L210bn (£90m) contract to buy Societa Italiana Vetro, the Italian state-owned glass company being privatised.

The news came after the market closed with Pilkington shares up 1p at 132p.

The deal, foreshadowed for some weeks, is still subject to approval from the European competition authorities. If that goes through, it would make Pilkington a strong number two in Europe after Saint Gobain of France.

Mr Roger Leverton, Pilkington's chief executive, said the acquisition was in line with the group's strategy of concentrating on developing "its core businesses in major markets".

Mr Andrew Robb, finance director of Pilkington, said the Siv deal would give Pilkington greater balance both in its business and geographically.

Siv's strength is in automotive glass while Pilkington's emphasis in Europe is on architectural glass. Siv has a southern European bias, with plants in Italy and Spain, whereas Pilkington's facilities are based in northern Europe.

He said that the timing of the deal was dictated by the Italian privatisation programme. Although the European automotive market is currently depressed, he expected it would recover. Siv's plants were all modern and it would be able to use Pilkington's advanced coatings.

Mr Robb said there was little customer overlap between Pilkington and Siv, with one or two in common in Germany and tha UK. Siv has two float glass lines in Italy and a half share in a third line, and two automotive glass processing plants in Italy with a third in Spain.

Pilkington's £45m share of the consideration will be funded from axisting bank facilities and since its share of Siv's underlying net asset value of £130m is £65m, its balance sheet will be marginally enhanced by the deal. Siv will be treated as an associate by Pilkington.

Siv made an operating profit of £10m on sales of £280m in 1992, but incurred a £23m loss after exceptional charges partly relating to the impending privatisation.

Pilkington and Techint's business plan envisages redundancies of 450 of the 4,000 workforce, numbers which have been shown to the unions.

The joint venture agreement provides for either side to buy the other out, including provisions for change of ownership of either.

Warburg Pincus cuts Sterling Publishing stake

WARBURG PINCUS has sold its 12.05 per cent holding of 4.38m ordinary shares in Sterling Publishing and also its 91.3 per cent stake of 2.37m 8 per cent convertible preference shares in the company.

In addition, Warburg Pincus has cut its stake from 97.2 per cent to 60.7 per cent in Sterling's 6 per cent convertible preference shares, with the sale of 4.3m shares.

Overall, these disposals have reduced Warburg Pincus' interest in Sterling's fully diluted ordinary share capital – excluding options – from about 38 per cent to some 10 per cent.

Mr Michael Preston, a Sterling director, has sold a beneficial holding of 500,000 ordinary shares (1.4 per cent) but retains 997,382 shares (2.7 per cent).

Acquisitions help WMI show 14% midway rise

By Paul Taylor

WASTE Management International, the UK-listed overseas arm of WMX Technologies of the US, yesterday reported continued profit and revenue growth despite poor trading conditions in many of its European markets.

Pre-tax profits for the six months to June 30 increased by 14 per cent from £62.6m to £71.5m on revenues up 19 per cent to £455.7m (£382m).

In the second quarter pretax profits increased 5 per cent to £37.1m (£35.3m) on revenues ahead 20 per cent to £334.9m (£195.8m).

Operating profits for the half-year improved 25 per cent to £73.3m (£58.8m), but were offset by higher net interest costs of £11.2m (£3.45m).

Mr Edwin Falkman, chief executive, said the company continued to obtain selected price increases in its markets, but was experiencing volume pressures at a number of treatment and disposal facilities, particularly in France and Italy.

He said the results reflected both the continued benefits from acquisitions, and the strengthening of management teams which has led to further improvement in selling, general and administrative costs as a percentage of revenues.

The group was floated on the Stock Exchange through a listing of 20 per cent of its shares in April last year by US-based Waste Management, since renamed WMX Technologies.

It currently operates in nine European countries and seven others in south-east Asia, Australasia and South America and has completed about 25 acquisitions so far this year in order to strengthen its geographic and strategic position.

Earnings per share increased by 15 per cent to 9.8p (8.5p) for the half year and by 22 per cent to 6.7p (5.5p) for the quarter.

The figures were slightly below expectations and the share price slipped 4p to close at 638p yesterday.

Sycamore in loss and rationalisation under way

REPORTING a pre-tax loss of £3.78m for the half year ended March 31 1993, directors of Sycamore Holdings conceded that the state of the business was "far from satisfactory".

However, a completely new senior management team is in place and, since April "we have been addressing energetically all of the major problems".

The loss for the six months compared with a profit of £314,000 last time, and included a one-off reduction in the carrying values of stock and work-in-progress of £1.9m. Turnover expanded to £11.1m (£9.69m).

Warwill continued to incur large losses in the iron foundry operation. Urgent action was planned which was expected to lead to a significant exceptional deficit in the second half, somewhat exceeding the surplus already realised on two disposals.

They were Ashworth Instrumentation for £1.47m, a premium of £1.27m over book value, and Ashworth Diecasting for £1.2m subject to a retention of £75,000.

A rationalisation and cost reduction programme had been implemented, including closure of the former head office in Derby and removal of "an unnecessary layer of divisional management". Since March the number of employees had been cut from 680 to 471, of which 94 went with the businesses sold.

The two largest businesses, Ashworth Living, maker of laboratory, hospital and accommodation furniture, and Deanes Furniture (office systems), enjoy good market bases and were capable of long term development once the group was on a sounder footing.

Fresh boardroom row erupts at Hoskins

By Catherine Milton

A BOARDROOM row has further delayed a plan by Mr Adam Page, founder of Midsummer Leisure, to reverse some of his businesses into Hoskins Brewery, one of Britain's smallest quoted brewers.

Completion of the deal to inject three Fatty Arbuckle theme bars into Hoskins in return for 41 per cent of its equity, had already been postponed three times because of calls for clarification from tha Stock Exchange .

The acquisition, announced in May, has blown into a row over Stock Exchange regulations and property valuation between Mr David Shaw, a director and MP, and the rest of the Hoskins board. The Conservative MP for Dover was last week removed from the company's board.

Hoskins said there had been "a breakdown in the relationship between Mr Shaw and the other directors of the company."

Mr Robert Hoar, estates director of Hoskins, said yesterday: "I am still hopeful that the transaction will proceed to a successful conclusion." However, further delays were likely because Mr Shaw had written to the Stock Exchange expressing concern that the accountants' report on the acquisition was incomplete. He had also questioned the property valuation of the bars.

Hoskins said yesterday that "an appropriate due diligence exercise is being conducted into the business to be acquired, including an accountants' report and an independent valuation."

Under terms agreed in May, Hoskins would pay £4.3m in cash and shares to buy the three freehold sites of the Fatty Arbuckle theme bars.

Mr Hoar, and his brother Barrie, chairman, would sell more than half their 30 per cent stake in Hoskins. Mr Barrie Hoar would resign, as would the current financial director Mr Pankaj Shar.

This would leave Mr Page with 41 per cent of the anlarged share capital. He would become the new chairman and chief executive, and bid 55p for the remaining shares.

L&G reports increased life and pension business

By Richard Lapper

LEGAL & General reported a strong increase in new pension and life business in the first half of 1993, indicating recovery after a sharp decline in new business at the same stage of last year.

Mr David Prosser, chief executive, said the figures reflected "the gradual emergence of the economy from recession and a more focused approach to the management of our distribution channels."

L&G's distribution network of direct sales and tied agency sales forces has contracted sharply since 1989 and has only just begun to stabilise.

The company was boosted by strong growth of income from single premiums in the UK. Lifa business single premiums were sharply ahead at £150.3m, of which £140.4m came from unitised with-profit bonds.

Single premium income from pensions rose 66 per cent to £335.8m. Overseas single premiums rose by 50 per cent to £79.2m. Overall single premium business increased 96 per cent to £99.6m.

The growth of new annual business premium income was slower. Premiums from UK life business rose 3 per cent to £38.1m in the first six months of 1993, while income from UK pensions business remained level at £34.7m.

Overseas annual business premium income amounted to £25.5m (£21m).

DIVIDEND ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Ramsden (Harry)§......int	1	Oct 4	1	-	4.5

Dividend shown pence per share net.

NEWS DIGEST

Porter Chadburn disposal

PORTER CHADBURN is to sell British Fly Reels, its Cornish-based maker of diecast fly fishing reels, to Orvis of Vermont, US.

Consideration is about £1.6m cash, subject to adjustment for completion audit, and represents a small premium over the net assets sold.

Under the agreement terms, Leeda Group, a Porter Chadburn subsidiary, will continue to distribute fly reels made by BFR in the UK.

Gartmore Value may restructure

Gartmore Value Investments is considering proposals to restructure with the aim of raising fresh capital and extending the life of the company.

At present the company's life is due to expire on January 31 1995.

The proposals are expected to involve share exchange offers, to be made by a company incorporated for the purpose, for the capital.

Any proposals will be made after consultation with Gartmore Investment, the managers. No cash alternative is expected to be available.

Improvement at Process Systems

For the first half of 1993 Process Systems lifted pre-tax income from $14,000 to $53,000 (£39,000).

The company, which makes energy measuring and monitoring systems, increased sales from $5.8m to $6.9m.

The evaluation cycle for the QUAD4 solid state meter had been completed at many electric utilities, and customer acceptance of this product line was being realised.

Gross margin remained at 47 per cent. Order rates for the period rose 36 per cent and the order book was currently at $3.95m.

Emerging Markets Trust offer raises £28m

By Scheherazade Daneshkhu

KLEINWORT Benson Investment Trusts has raised £28.2m for its recently launched Emerging Markets Trust, exceeding the minimum target of £15m.

The placing two weeks ago brought in £13.6m, and a further £14.6m has come through the public offer.

Mr Simon White, managing director of KB Investment Trusts, said the level of demand from private investors demonstrated that emerging markets have become increasingly popular.

The trust has a simple structure of ordinary shares priced at 100p with one warrant attached for every five shares. There is no wind-up date. Dealings are expected to start on Thursday.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Central Motor Auctions, Prospect Inds, St Andrew Trust.

Finals- Brasway, Marling Inds.

FUTURE DATES

Interims-	
Britannic Assurance	Aug. 18
Castle Cairn Inv Trust	Jul. 29
Derby Trust	Jul. 29
English China Clays	Sep. 15
Glynwed Intl	Aug. 4
Harrisons & Crosfield	Jul. 29
Pacer Systems	Aug. 3
RMC	Sep. 15
RPS	Jul. 27
Rotork	Aug. 5
St Modwen Properties	Jul. 27
Simon Engineering	Aug. 30
Spectrasyes	Jul. 26
Union Discount	Jul. 26
Wilson Bowden	Sep. 6
Finals-	
Banks (Sidney C)	Jul. 28
Goode Durrant	Jul. 27
John Lusty	Jul. 27
Mays	Jul. 29
Stagecoach	Jul. 27

COMPANY NEWS: UK

New openings behind Harry Ramsden's rise

By Andrew Bolger

OPENING NEW branches helped Harry Ramsden's, the Yorkshire-based fish and chip restaurant operator, increase interim pre-tax profits by 14 per cent, from £77,000 to £88,000.

Turnover rose from £1m to £1.24m in the six months to March 28, reflecting November's successful openings in Manchester and Tyneside.

The group last week opened a new outlet in Edinburgh and will operate from one in Birmingham next month. It will then have nine branches, including one in Hong Kong.

Mr John Barnes, chairman, said sales at the original restaurant at Guiseley, near Leeds, were 18 per cent ahead of last year.

He was encouraged that opening new branches had increased, rather than diminished, the attraction of the first restaurant, which opened 63 years ago and has long been a shrine to lovers of fish and chips.

Harry Ramsden's was determined not to open more than 20 branches in the UK, so as not to dilute the brand's image.

Mr Barnes said: "There was a real sense of occasion in Edinburgh last week, with peopla travelling from far afield, and we don't want to lose that."

Nonetheless, more openings were planned next year, on a joint venture and franchise basis.

Partners subscribe from 60 to 80 per cent of the investment in a new outlet, share profits on the same basis, and pay royalties equivalent to 7 per cent of turnover.

Internationally, the new restaurant in Hong Kong was the pilot for expansion in the Pacific Rim. Although that had not yet moved into profit, sales were, encouragingly, on a par with the UK restaurants.

A franchisee had been recruited in Singapore and negotiations were under way in Australia. In the Middle East a site search by a partner was expected to lead to an opening next year at Jeddah, Saudi Arabia.

Despite providing restaurants with uniformed waitresses and chandeliers, Mr Barnes said expenditure per head in the UK averaged only £5 for fish and chips, bread and butter and a large pot of tea. Take-away fish and chips could be bought for £2.20, so the restaurants bad continued to sttract customers even when spending was tight.

Apart from a successful branch at Heathrow Airport, tbe group's furthest venture south in the UK will come in the spring, when it opens in Bristol.

Mr Barnes said he was looking at a site on the M25, but had yet to find a partner.

The interim dividend is unchanged at 1p, utilising in full earnings per share of 1p (0.9p).

David Hickes

Yorkshire shrine: John Barnes at the 63 year old Guiseley restaurant where sales jumped 18 per cent last year

Trinity pays £23m for 26 Argus titles

By Raymond Snoddy

TRINITY International, publisher of the Liverpool Daily Post and Echo, has reached agreement to buy the 26 local newspapers of the Argus Press in a deal worth £23m.

The agreement, which is subject to contract, due diligence and the permission of the Department of Trade and Industry, takes Trinity into the south of England newspaper market for the first time.

The Chester-based publisher owns local and regional newspapers in north-west England, North Wales, Canada and the US and a year ago bought Scottish and Universal Newspapers from Lonrho for £45m.

The purchase of the Argus titles, which includes newspapers such as the South London Press and the Surrey Comet, will extend Trinity's geographical spread. The Argus Press was owned by BET until 1988 when it formed part of a £206m management buy-out.

There was intense competition for the papers and it is believed that a consortium of Reed International and Emap may have bid more.

The Trinity bid was apparently preferred because it is much more likely to get clearance under monopoly regulations.

In the 12 months to December 26 Trinity reported pre-tax profits ahead 27 per cent to £16.9m.

The company, which is planning to become one of the leading publishers of local newspapers in the UK, has been turning itself into a more concentrated media company. Last year it sold its paper and packaging division for £27m.

Network likely to work through each country's clearing system

NatWest in European link

By John Gapper and David Waller

NATIONAL Westminster Bank, Commerzbank of Germany and Société Générale of France yesterday announced that they had signed agreements to develop joint services including easier cross-border payments for corporate customers.

The banks, which disclosed earlier this year that they had entered talks, said they were putting in place reciprocal arrangements to streamline account opening procedures and grant local credit facilities at each partner banks.

The banks are also working on a cross-border payments system for low value payments. This is due to be launched early next year. NatWest said the network was likely to work through each country's clearing system.

The announcement comes as European banks are developing links with each other rather than buying branch networks. Royal Bank of Scotland and Banco Santander have formed a cross-border payments system with two other banks.

Mr Martin Kohlhaussen, Commerzbank's chief executive, said the new association would set "a good example for a new form of co-operation between major European banks." He said he expected other banks to join the association, stressing that this was not intended to be the "core of a new banking group" but rather "a specific co-operation concentrating on particular business areas."

Lord Alexander, NatWest's chairman, said the initiative would "cut through much of the bureaucracy involved in establishing cross-border banking relationships."

The agreements follow from the failure of more ambitious plans for a link-up between Crédit Lyonnais, the large French state-owned bank whose logo Commerzbank still carries.

Crédit Lyonnais went on to buy majority control of BfG Bank, Germany's sixth biggest bank, for DM1.2bn (£460m) last year.

Dresdner Bank, Germany's second largest bank, has forged a co-operation agreement with Banque Nationale de Paris. Under the agreement, the two banks will co-operate when expanding into third countries and will rely on each other's domestic branch networks in France and Germany.

The plan is for the two banks to take 10 per cent shareholdings in each other, depending on the outcome of plans to privatise the 70-per cent state-owned BNP.

Heron sells properties to Postel for £62m

By Maggie Urry

HERON International, the property and trading group hoping to finalise a £1.4bn restructuring by the end of this month, has sold three properties to Postel Investment Management for £62m.

The sale prices were above those assumed in Heron's business plan.

Mr Gerald Ronson, who will give up the chairmanship of Heron when the restructuring goes through but will remain as chief executive, had told creditors last month that over £150m of sales had been completed or agreed in principle.

These sales were included in that number. The three properties are a 12-unit retail warehouse park and two office blocks.

Earlier this month Postel, the UK's largest pension fund, announced a £120m rescue package for Greycoat, the property group.

SG Warburg sells Hong Kong stake

BANK OF East Asia has bought out SG Warburg's half interest in East Asia Warburg, the Hong Kong joint venture merchant banking concern.

Warburg said proceeds received were "very small" because the joint venture had trimmed its concentration to corporate finance activities in Hong Kong.

Warburg will employ current staff of East Asia Warburg.

East Asia Warburg had been profitable since the venture was started up in 1982. However, because of the expansion of both parents around the region in the intervening years, "the two shareholders have concluded that while they would work together when profitable opportunities to do so present themselves, East Asia Warburg is no longer an appropriate vehicle for their activities."

Bankers cut holding in IBC to 8%

International Business Communications (Holdings), the publishing, conference and training group, has been informed that Williams de Broe, its broker, has agreed to acquire 4.48m shares in the company from certain of the group's bankers.

The agreement follows tbe allotment of new ordinary shares to be issued pursuant to the placing, open offer and conversion of debenture stock and the consolidation of the existing ordinaries.

Of those shares, which will represent 11.5 per cent of the enlarged and consolidated share capital, 4.28m have been placed with institutional and other investors.

As a result of the acquisition and placing, tbe aggregate shareholding of the banks will be reduced to 8 per cent.

Share price plunge greets UK Land reconstruction

THE STOCK market expressed disquiet yesterday st the reconstruction plan announced over the weekend by UK Land.

From last Friday's price of 30p the shares were marked down to 4p.

UKL said reconstruction would provide a "sound financial base" from which it could maximise revenues from the Elephant & Castle shopping centre in London, its main asset, and subsequently seek property acquisitions.

With a deficit of shareholders' funds at March 31 1992 of £31.9m, the alternatives were insolvent liquidation, administration or receivership.

In addition to the capital reconstruction, backed by its secured banking creditors, UKL is raising £256,000 to meet that expense through a fully underwritten rights offer.

Every 22 existing ordinary shares will be consolidated into one ordinary of 5p and one deferred of 545p – the latter will later be cancelled.

A total of 5m new ordinaries, or 64.44 per cent of the new capital, will be issued to creditors. Lloyds Bank will be issued 2m, a syndicate of banks will get 2.35m in respect of their secured advances, and unsecured creditors under a company voluntary arrangement will be issued 650,000.

An open offer of 2.56m shares at 10p each (33 per cent of the capital) will be made to shareholders on the basis of 13-for-1. A bolder with 1,100 shares would receive 50 new shares from the consolidation and be able to subscribe for 650.

Lloyds will also be allotted £250,000 of 10 per cent convertible secured loan 2003, convertible into 1.84m shares, unless that pushed its holding to more than 29.9 per cent of UKL voting capital.

The issued capital will be 7.76m shares, or 9.6m on a diluted basis. Mr James Grace and Mr Christopher Woodhouse, who are sub-underwriters, will join the board.

Tbe existing facility from Bank of Scotland will be converted into s £9m term loan, repayable 1998-2003, and a £2.3m overdraft, reducing over the five years to April 1988. Lloyds and the syndicate banks may require Lillybrook, the underwriter, to purchase up to 2m shares of their entitlement at 10p each. Lillybrook is controlled by Mr Colin Tett, chairman of UKL.

Forte seeks buyer for Harvester chain

By Michael Skapinker, Leisure Industries Correspondent

FORTE, tbe botels group, confirmed yesterday that it had begun to seek buyers for its Harvester restaurant chain.

If no suitable buyer is found by tbe autumn, the group might either extend the brand, currently based predominantly in the south-east of England, throughout the UK or put tbe business into a joint venture.

Forte is believed to be looking for a price in excess of the £120m mentioned in some reports.

It is also thought to be interested in selling its stake in the UK Kentucky Fried Chicken business.

This is run in a joint venture with Pepsico, which is seen as the most likely buyer of the Forte stake.

Alliance Resources

Alliance Resources has received valid acceptances in respect of its offer for Manx totalling 1.68m shares (65.04 per cent). Acceptances not complete in all respects have been received amounting to 360,717 shares (13.95 per cent). The offer is unconditional.

COMPANY NEWS IN BRIEF

ADARE PRINTING's open offer of 2.01m new shares has been accepted hy 63 per cent of existing shareholders.

BRITTON GROUP: Recent intermediaries offer of 49.4m new shares at 10p was subscribed approximately 2.1 times. Valid applications have been conditionally allocated 47.5 per cent of the shares applied for.

CULVER Holdings recent offering of 25.5m shares has been sccepted in respect of 16.7m, including applications for 7.7m from shareholders who had undertaken to subscribe. Mr Biles, a director, did not apply for 2.3m shares which were placed firm.

DAVENPORT VERNON bas acquired David Ruskin, which comprises a Rover dealership in Reading and Nissan in Maidenhead. Investment in the two businesses is about £1.4m including existing funding.

DERWENT VALLEY Holdings is to purchase s freehold office property at 60-66 Rochester Row and 59-67 Greencoat Place, London, for £1.85m. Current annual income is £425,000, which reflects a yield, after costs, of about 22 per cent.

ICV has been awarded three installation contracts to supply Panmure Gordon, GNI and Sun Life with its Trans-Lux electronic display products.

JOHNSON MATTHEY has received elections for the enhanced scrip issue in respect of 95.9 per cent of the capital.

BZW received acceptances of its cash offer of some 9 per cent of the capital.

NORCROS rights issue taken up by 94.4 per cent. Subscribers procured for the balance of shares.

OLIVER RESOURCES proposed name change to Dragon Oil has received certification.

STRATAGEM: Littler Manners, a former non-executive director, has sold entire stake of 580,000 shares (7.8 per cent).

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for trading on [illegible]: Pool purchase price £/MWh	Final Prices for trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.18	18.07	18.07
0100	18.18	18.04	18.04
0130	18.18	18.04	18.04
0200	18.18	18.04	18.04
0230	18.18	18.04	18.04
0300	18.18	18.04	18.04
0330	18.18	18.04	18.04
0400	18.18	18.04	18.04
0430	18.18	18.04	18.04
0500	18.06	18.04	18.04
0530	18.04	18.08	18.08
0600	18.04	33.00	33.00
0630	18.03	33.00	33.00
0700	24.80	20.48	24.40
0730	24.82	25.50	29.30
0800	25.46	25.51	29.14
0830	26.53	25.62	29.04
0900	27.26	26.71	30.27
0930	34.13	27.36	30.84
1000	34.17	27.38	30.85
1030	31.93	27.40	30.98
1100	27.43	27.44	31.05
1130	31.62	32.18	35.94
1200	35.65	34.77	38.67
1230	36.53	34.74	38.62
1300	35.40	34.63	38.44
1330	27.64	34.56	38.29
1400	27.58	26.08	29.54
1430	27.55	26.07	29.53
1500	26.44	26.06	29.53
1530	26.44	26.06	29.54
1600	28.18	26.09	29.58
1630	32.58	31.45	35.10
1700	34.14	41.61	45.56
1730	34.10	41.58	45.63
1800	32.49	34.42	38.15
1830	28.08	34.39	38.16
1900	26.06	24.48	27.92
1930	26.08	23.88	27.35
2000	36.08	23.86	27.37
2030	118.48	34.00	37.97
2100	20.55	34.00	37.85
2130	34.00	33.00	36.87
2200	34.00	41.50	45.45
2230	34.00	41.50	45.52
2300	29.00	31.30	35.00
2330	20.50	20.86	24.20
2400	19.00	18.07	18.07

COMMODITIES AND AGRICULTURE

Cocoa pact goes for output management

By Frances Williams in Geneva

THE NEW International Cocoa Agreement, adopted late on Friday after more than a year of negotiations, is the first United Nations commodity pact to make production management its cornerstone.

Instead of focusing on short-term price stabilisation, through buffer stock operations or export quotas, the accord aims to shore up prices in the long term by limiting supply and promoting consumption.

Unlike producer cartels such as the Organisation of Petroleum Exporting Countries, the cocoa accord brings consumer countries on to the production management committee, which will set the parameters for and monitor compliance with supply targets. However, producers alone will be responsible for drawing up and implementing supply curbs.

Mr Kouama N'Guessan, spokesman for the producers, said on Friday that producers finally had their destiny within their hands. All prices were obtainable provided producers made the necessary sacrifices and showed discipline.

Mr Alain Gauze, commodities minister for the Ivory Coast, pledged his country's support for a well-co-ordinated production policy to raise prices. The Ivory Coast, which accounts for a third of total world exports, has already taken steps in the past two years to keep cocoa off the market but stocks of an estimated 1.4m tonnes have continued to depress prices.

The production committee will fix "indicative figures for annual levels of global production necessary to achieve and maintain equilibrium" in the cocoa market, in the light of forecasts for world production and consumption, the agreement says.

The accord also establishes a consumption committee to promote cocoa use and calls on importing members to "remove or reduce substantially" domestic taxes and import tariffs that deter consumption.

Mr N'Guessan warned on Friday that a proposed harmonisation of EC standards on cocoa butter substitutes in production of chocolate could, in some circumstances, cut cocoa use in the community by some 200,000 tonnes a year. This would run counter to the efforts of producing countries to solve the problem of over-supply, he said.

The new accord will come into force when ratified by at least five exporting countries accounting for at least 80 per cent of total exports and by importing countries representing at least 60 per cent of total imports. The current 1986 agreement is due to expire at the end of September.

Its 40 members account for three-quarters of world production and consumption. Among producers, Malaysia, responsible for 10 per cent of world production, and Indonesia are not members, nor is the biggest consumer, the US, which accounts for a quarter of world imports. All three countries took part in the Geneva negotiations.

Population growth outstripping food supply, report says

By Lisa Bransten in Washington

THE WORLD'S oceans can no longer sustain the demands for fish made on them by a hungry and growing world population, according to a new report by an international think tank.

Analysts at the Worldwatch Institute cite decreasing global supplies of fish as one element in an emerging scarcity of sources of protein. Harvests of two other important sources of protein – soyabeans and meat – increased slightly in 1992, but failed to keep up with world population growth.

Global fish catches decreased from 100m tonnes in 1989 to 97m tonnes in 1990 and have remained close to that level. The amount of fish harvested per head of world population has declined 8 per cent since 1988.

The 1992 soyabean harvest set a world record, yielding nearly 114m tonnes, but like fish, the output per person has declined. Almost all of the 1992 crop came from the US, Brazil, Argentina and China.

Growth in world meat supplies has fallen below its traditional pace since 1990, which Worldwatch analysts interpret as an indication of the increasing difficulty of expanding production of grass-eating livestock. Declines in meat production, concentrated in eastern Europe, the former Soviet Union and the European Community, were offset by modest production increases in China and the US.

News of world grain supplies was relatively brighter as stocks on hand at the start of the 1993 harvest were up 19m tonnes from 1992 to a level sufficient to feed the world for 73 days. Analysts noted, however, that increases in global stocks masked regional decreases such as that in southern Africa, where drought caused sharply lower maize harvest.

The report also found decreasing world use of fertiliser, largely because of the removal of subsidies for their purchase in eastern Europe and the former Soviet Union.

The study found capacity to generate power with wind continued to grow in 1992, while nuclear power capacity was at a virtual standstill.

Cigarette smoking held steady from 1991 to 1992 breaking a trend of almost uninterrupted growth since the end of World War II, the study found.

Vital Statistics 1993: $10.95 in the US from Worldwatch Institute, W.W. Norton & Company, New York and London.

State companies slip in non-fuel mine output league

By Kenneth Gooding, Mining Correspondent

THE SHARE OF western world non-fuels mineral production accounted for by state-owned mining companies is falling – not via privatisation but because of lack of investment.

This is one of the main conclusions reached by the Raw Material Group of Sweden when compiling data for the latest edition of Who Owns Who in the Mining Industry.

Although programmes to sell state-controlled mining companies have started in, among others, Argentina, Bolivia, Nicaragua and Peru, these had not seen any substantial capacity sold to the private sector by the end of 1992.

RMG says the few privatisations included the Canadian asbestos producer, Société Nationale de l'Amiante; Peru's Empresa Mineral del Hierro Peru and the Condestable mine in that country.

"But even if the privatisation programmes had not yet had their full impact, the state share of western world production fell in 1991. This was primarily because of diminishing production levels in some state controlled mining companies where there was a lack of replacement investments," says RMG. It points to Zaire as an example. Gecamines and other Zaire state mining companies dropped from eighth to 15th place in the list of the western world's top 50 mining groups.

Anglo American Corporation of South Africa is the world's most important mining company, according to RMG, which drew up its league table by reference to the value of non-fuels minerals production controlled by each company in 1991.

By this measurement, Anglo is nearly twice as big as its closest rival, RTZ Corporation of the UK. RMG admits, however: "RTZ can claim to be the world's largest mining company using many other criteria". RMG's method of assessment naturally gives most weight to production of high-value metals and minerals such as gold and diamonds. Gold production controlled by Anglo rose by 2 per cent to 410 tonnes between 1990 and 1991 while RMG counts De Beers, one of the world's biggest diamond producers, as an integral part of the Anglo group, not a separate mining company even though it is quoted separately.

Similarly, RTZ's 49-per-cent-owned associate in Australia, CRA, is considered by RMG as part of the UK group.

RGM points out that the fastest-growing big mining companies between 1990 and 1991 were Broken Hill Proprietary, Australia's biggest company, MIM Holdings, another Australian group, and Freeport-McMoRan of the US.

BHP increased its share of western world non-fuels minerals output from 1.5 per cent to 2.1 per cent, mainly because of the huge growth in copper production from its partly-owned Escondida mine in Chile. MIM moved from 13th to 8th in the league table after it doubled its shareholding in Cominco, the Canadian zinc producer and because of increased output from its joint-ventured Porgera gold mine in Papua New Guinea. Freeport-McMoRan saw the value of its output rise by about one quarter because of increased production from its Indonesian copper-gold mine.

If the proposed merger between Cyprus Minerals and Amax of the US goes through, the combined group would become one of the ten or 12 biggest western mining companies, depending on which of their core assets are included in the deal.

Who Owns Who in Mining 1993, £140 or US$310, and Roskill's Metals Databook, £190 or US$120: from Roskill Information Services, 2 Clapham Road, London SW90JA, England. Raw Materials Group data on 7,000 mining and refining companies and 35 metals and minerals are also available on computer disc at $1,850, including a half-year update, from the same address.

Top Western World Mining Companies in 1991
Ranked by approximate share of total value of production of non-fuel minerals

Controlling company or state	Country	% share of total	Controlling company or state	Country	% share of total
Anglo American	South Africa	8.3	General Oriental	UK	0.8
RTZ	UK	4.6	State of India	India	0.8
State of Chile	Chile	2.7	Metallgesellschaft	Germany	0.7
State of Brazil	Brazil	2.3	Barlow Rand	South Africa	0.7
Broken Hill Pty	Australia	2.1	State of Zambia	Zambia	0.6
Inco	Canada	1.7	Anglovaal	South Africa	0.6
Brascan/Noranda	Canada	1.6	State of Peru	Peru	0.6
MIM Holdings	Australia	1.5	Rembrandt Group	South Africa	0.6
Phelps Dodge	US	1.3	Amax	US	0.6
Asarco	US	1.3	Magma Copper	US	0.6
State of France	France	1.2	Hanson	UK	0.6
Gencor	South Africa	1.2	CAEMI	Brazil	0.6
Western Mining	Australia	1.2	IMM	Mexico	0.5
State of Zaire	Zaire	1.1	North Broken Hill Peko	Australia	0.5
Placer Dome	Canada	1.1	Lac Minerals	Canada	0.5
IMCERA Group	US	1.1	Homestake Mining	US	0.5
Freeport-McMoRan	US	1.1	Outokumpu	Finland	0.5
State of Malaysia	Malaysia	1.0	Former Yugoslavia	Yugoslavia	0.5
State of Morocco	Morocco	0.9	State of Botswana	Botswana	0.5
Trelleborg	Sweden	0.9	State of Indonesia	Indonesia	0.5
Cyprus Minerals	US	0.9	State of Venezuela	Venezuela	0.5

Source: Who Owns Who in Mining 1993

Processors cash in on EC aid for pea production

Growers will get little benefit from area payments

FARMER'S VIEWPOINT

By David Richardson

TO PEA or not to pea; that is the question. Indeed, it is a question UK growers of green peas for freezing ask themselves every year. For few crops create as much aggravation on the farm or generate as much emotion between growers and processors. And by introducing area aid payments for all peas, whether grown for animal protein or human consumption, the European Community's common agricultural policy reform package has created yet another area for conflict.

While area aid for cereals, oil seeds and dry peas and the like was introduced to compensate growers for cuts in guaranteed prices, the area payment for green, or vining, peas did not replace anything. It was simply a bonus of about £140 an acre, which must have slipped past Euro-officials who failed to understand its significance.

Moreover, vining pea growers said last autumn that they would prefer not to receive the aid. Instinctively they realised that it would complicate their negotiations with the processors and that in the long run they would be better off without it. But the wheels of government grind exceeding slow and since it had been agreed it had to stand, for 1993 at least.

But the situation was complicated further when it was decreed that, in order to be eligible to claim the aid for crops grown in 1993, a farmer had to have been committed to growing green peas by November 17 1992. In other words, the farmers in question had to have a cropping plan or a contract to grow verifiable as having been written before the due date. Any farmer worth his salt would have planned his cropping long before that and most decided to claim the aid.

Cynics will say, of course, that farmers will claim any grant that is going given half a chance. But the deciding factor this time was the declared intention of the processors to grab at least some of the benefit for themselves. Any farmer who did not claim therefore stood to receive worse terms for his peas as well as missing EC aid payments.

The processors negotiated long and hard to secure the discounted deals they wanted. Some have cut the prices they will pay for a tonne of peas; others have extended payment terms; and at least one big processor has said it will spend the money gained on extra brand promotion. But all have made sure that the growers will not hang on to all the EC cash to which they are, however anomalously, entitled.

Indeed some processors were still negotiating terms until well into last month, when this year's harvest began.

This expensive, 24-hours-a-day, usually co-operative operation, is now about half done. It goes on, rain or shine, across the pea-growing areas, most of which are in the eastern counties of England, for six or seven weeks. It involves massive £150,000 vining machines, which separate peas from pods, and fleets of lorries to take the peas to freezing factories. Strict time limits are set for the peas to be delivered, processed and frozen. After more than 90 minutes out of the pod they begin to deteriorate, so the logistics must be meticulously planned and executed.

Given such restrictions it is necessary to have more than adequate man and machine power available in case of breakdowns. All of which adds to the expense and the management problems of the pea campaign. Even so the procedure, carefully planned from staggered planting dates to orderly harvesting, can go wrong. The hot weather during Wimbledon fortnight, for instance, caused many fields of peas to ripen prematurely and the capacity of the viners was inadequate to deal with them all before some had deteriorated below the high quality standards demanded by the processors. The result was that some fields had to be passed over and left to be combine harvested for seed or for feeding to livestock.

Farmers so affected can usually defray any losses they suffer against the co-operative group to which they belong. But they are left with a harvest for which they did not plan and with the cost and inconvenience of combining and storing the dry peas until a market for them is found.

Peas crops that have been harvested green, as intended, are reported to have turned in variable yields this year. Some growers in Lincolnshire and Humberside have seen up to 2.5 tonnes an acre while some others in Norfolk and Suffolk have been disappointed to achieve only 1.5 tonnes an acre. There are few crops more weather-sensitive than peas.

At the higher end of that yield scale the crop can be reasonably profitable, especially with the extra income from area aid. At the lower end growers will almost certainly have made a thumping loss, even with the EC cash.

But profitability also depends on the contract each co-operating group has with its processor. This year has seen a welcome and significant resurgence of fixed price contracts, replacing some of the less secure market-related deals that have characterised recent years. Indeed it was the move towards market-related contracts and the threat of delayed payment until the goods were retailed that finally persuaded me to get out of the green pea business about 15 years ago.

Since then many other farmers have also stopped growing the crop and there are probably fewer than 1,000 who have stuck with it, selling to 15 to 20 significant processors, themselves dominated by only three companies. It might be thought that farmers serving such a compact industry would be able to work together for mutual benefit. But apart from voluntarily agreeing to cut the acreage this year by about 20 per cent in order to clear last year's stocks there seems to be a sad lack of unanimity among growers, especially on contract terms and prices.

Whether or not they agree to work more closely together, however, there will be no area aid from the EC next year and in order for a farmer to even equal this year's income per tonne the processors will have to raise prices significantly.

Furthermore farmers will need to know the terms under which they can grow peas far earlier than ever before to be able to plan their 1994 acreage set-aside by the deadline date of the December 15 1993. In most years negotiations have hardly begun by then because, the processors say, they cannot decide acreages or prices until they know carry-over stock levels. And that depends on the severity of the winter and the availability and price of fresh vegetables through January, February and March.

How that little difficulty will be solved is anybody's guess. Brussels-based bureaucrats do not make provision for the peculiarities of the British climate nor for the Machiavellian complications of corporate negotiations with farmers. I confess to being rather pleased that I am no longer involved in that particular can of worms.

WORLD COMMODITIES PRICES

MARKET REPORT

Renewed tightness for September **COPPER** in the afternoon on the *LME* helped the three-month price to rally smartly back above $1,900 a tonne, erasing early losses to close steady. Business in the other base metals was largely subdued, said dealers, as the summer run-down in trade interest exercised its usual dampening impact on activity. Chicago **SOYABEAN** prices were boosted by concerns over production following USDA Secretary Mike Espy's statement last Friday that 20m acres of US crop land had been affected by the Mississippi-Missouri flooding. Chicago **WHEAT** futures jumped on the strong soyabean surge, with independent strength coming from worries about cuts in US wheat production, traders said. New York **COTTON** prices soared by almost the 2 cent limit in early trading on prospects of a drop in Chinese production, as well as in sympathy with soaring soyabean prices and dry weather concerns in the south-east. **GOLD** edged ahead on the London bullion market. Dealers said the tone remained bullish, citing last week's support at $390 a troy ounce despite almost flat US inflation data.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Sep)		+ or -
Dubai	$14.42-4.49u	+.055
Brent Blend (dated)	$16.61-6.63	+.095
Brent Blend (Sep)	$16.69-6.73	+0.05
W.T.I (1 pm est)	$17.80-7.90u	-.025
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$196-198	+1.5
Gas Oil	$157-158	-0.5
Heavy Fuel Oil	$60-62	
Naphtha	$161-163	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$395.0	+1.5
Silver (per troy oz)♣	$511.5	+5.0
Platinum (per troy oz)	$408.0	+4.1
Palladium (per troy oz)	$139.15	-0.60
Copper (US Producer)	89.5c	+0.5
Lead (US Producer)	34.63c	
Tin (Kuala Lumpur market)	12.71m	-0.09
Tin (New York)	231.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	133.03p	-5.29*
Sheep (live weight)†♠	94.16p	-6.06*
Pigs (live weight)†	80.46p	-1.01*
London daily sugar (raw)	$257.9	+4.7
London daily sugar (white)	$265.75	+3.75
Tate and Lyle export price	£284.0	+2.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	Unq	
Wheat (US Dark Northern)	£147.0	-16.5
Rubber (Aug)♥	59.25p	
Rubber (Sep)♥	59.75p	
Rubber (KL RSS No 1 Jul)	208.0m	
Coconut oil (Philippines)§	$465.0v	
Palm Oil (Malaysian)§	$382.5t	+12.5
Copra (Philippines)§	292.5u	
Soyabeans (US)	£216.0y	+5.5
Cotton "A" index	58.15c	+0.05
Woolltops (64s Super)	348p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jul/Aug. z-Aug.v-Aug/Sep u-Sep t-Oct/Dec x-Aug/Oct ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR – LCE ($ per tonne)

White	Close	Previous	High/Low	
Oct	265.50	262.50	266.00	262.00
Dec	266.30	263.20	267.60	263.00
Mar	269.50	266.50	271.00	266.60
May	272.70		272.70	

White 316 (346) Paris- White (FFr per tonne): Oct 1552.71 Dec 1544.70

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low	
Sep	16.72	16.31	16.72	15.90
Oct	16.89	16.49	16.89	16.12
Nov	17.00	16.68	17.00	16.34
Dec	17.20	16.98	17.20	16.54
Jan	17.30	17.10	17.30	16.85
IPE Index	16.89	16.42		

Turnover 36926 (17664)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low	
Aug	155.75	157.00	157.00	151.50
Sep	158.25	158.25	158.25	152.75
Oct	160.50	160.75	160.50	155.75
Nov	162.50	162.75	162.75	158.25
Dec	165.25	165.25	165.25	161.25
Jan	166.75	166.50	159.75	162.75
Feb	166.50	166.75	164.00	163.00
Mar	165.00	165.75	162.25	

Turnover 14869 (12556) lots of 100 tonnes

TEA

Landed selected best liquoring and good medium East Africans were 3 to 5p dearer, with dusts strong. Reports the Tea Brokers Association. The remainder sold readily at last rates including plainer sorts. Ceylons met fair enquiry but prices tended easier. Offshore teas saw increased competition at firm rates apart from plainer types. Quotations: quality 160p, nom good medium 132p, medium 108p and low medium 88p. The highest price realised this week was 168p for a Kenya pd.

COCOA – LCE (£/tonne)

	Close	Previous	High/Low	
Jul	755	760	761	751
Sep	764	767	768	760
Dec	774	776	778	770
Mar	786	787	790	781
May	793	796	799	793
Jul	803	806	808	803
May	852	853	858	851

Turnover: 3193 (6775) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 16 770.96 (788.76) 10 day average for Jul 19 787.01 (765.72)

COFFEE – LCE ($/tonne)

	Close	Previous	High/Low	
Jul	963	944	953	950
Sep	985	977	987	974
Nov	992	978	993	978
Jan	990	976	991	978
Mar	990		990	990

Turnover: 1002 (2288) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jul 16 Comp. daily 60.30 (61.21) 15 day average 58.15 (57.82)

POTATOES – LCE (£/tonne)

	Close	Previous	High/Low
Apr	92.9	92.5	92.9

Turnover 16 (89) lots of 20 tonnes.

SOYAMEAL – LCE (£/tonne)

	Close	Previous	High/Low
Oct	184.00	178.00	184.00
Dec	185.00	177.00	185.00

Turnover 20 (20) lots of 20 tonnes.

FREIGHT – LCE ($10/index point)

	Close	Previous	High/Low	
Jul	1321	1310	1321	
Aug	1298	1288	1300	1290
Sep	1328		1328	
Oct	1373	1370	1373	
BFI	1361	1360		

Turnover 34 (61)

GRAINS – LCE (£/tonne)

Wheat	Close	Previous	High/Low	
Sep	106.30	106.20	106.30	
Nov	108.05	107.65	108.05	107.65
Jan	110.40	110.15	110.40	
Mar	112.60	112.25	112.50	112.35
May	114.50	114.35	114.60	
Barley	**Close**	**Previous**	**High/Low**	
Sep	102.95	103.00	103.00	102.95
Nov	105.60	105.25	105.60	105.25
Jan	107.90		108.00	107.90

Turnover: Wheat 243 (125), Barley 144 (16).
Turnover lots of 100 Tonnes.

PIGS – LCE (Cash Settlement) p/kg

	Close	Previous	High/Low
Jul	109.5	109.5	109.5

Turnover 0 (3)lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 67,945 lots
Cash	1178.5-9.5	1185-86		1181-1.5		
3 months	1202-3	1206-09	1205/1199	1204.5-5.0	1200-1	235,200 lots
Copper, Grade A ($ per tonne)						Total daily turnover 75,471 lots
Cash	1917-8	1913-15	1889/1888	1888-9		
3 months	1917-8	1916-17	1922/1890	1894-5	1912-3	235,807 lots
Lead ($ per tonne)						Total daily turnover 6,277 lots
Cash	388-8.5	391-92	388.5	388.5-9.0		
3 months	402-2.5	404.5-05	404/402	402-2.5	402-3	23,348 lots
Nickel ($ per tonne)						Total daily turnover 12,056lots
Cash	4961-5	5005-15		4955-60		
3 months	5020-5	5065-70	5070/5015	5015-20	5015-20	48,906 lots
Tin ($ per tonne)						Total daily turnover 1,725 lots
Cash	4985-95	4990-5000	4998/4995	4995-5		
3 months	5040-50	5040-45	5045/5020	5045-50	5040-5	10,665 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 19,715 lots
Cash	922.5-3.5	924.5-95.5	920	920-0.5		
3 months	938-40	940-41	942/935	936.5-7.0	942.5-3.0	75,041 lots

LME Closing £/$ rate: SPOT: 1.4890 3 months: 1.4868 6 months: 1.4810 9 months: 1.4740

Copper and lead prices are now expressed in dollars per tonne

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	394.75-395.25	
Opening	393.10-393.60	
Morning fix	392.80	263.536
Afternoon fix	394.80	263.780
Day's high	396.00-396.50	
Day's low	392.80-393.60	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.54	6 months	2.55
2 months	2.65	12 months	2.58
3 months	2.55		

Silver fix	p/troy oz	US cts equiv
Spot	339.70	506.85
3 months	344.70	510.95
6 months	349.40	514.90
12 months	358.55	523.80

GOLD COINS

	$ price	£ equivalent
Krugerrand	393.00-398.00	263.00-265.00
Maple leaf	405.70-408.25	-
New Sovereign	93.00-96.00	62.00-64.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Aug	Oct	Aug	Oct
1175	22	51	14	27
1200	10	38	27	39
1225	4	27	46	53
Copper (Grade A)	**Calls**		**Puts**	
1900	46	84	34	77
1950	24	62	62	105
2000	11	46	99	137
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
850	137	153	2	11
900	94	114	9	22
950	57	62	22	40
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
725	48	72	8	23
750	32	58	18	32
775	10	43	30	44
Brent Crude	**Sep**	**Oct**	**Sep**	**Oct**
1700	14	52	95	-
1750	18	14	131	112
1800	7	12	-	-

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	392.0	392.4	0	0
Aug	392.4	392.9	396.5	392.1
Sep	393.4	393.9	396.0	395.5
Oct	394.6	395.0	398.5	394.3
Dec	396.8	397.2	400.8	396.3
Feb	398.5	399.0	402.2	400.5
Apr	400.4	400.8	403.5	400.0
Jun	402.2	402.6	405.0	404.0
Aug	404.0	404.4	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	406.8	408.0	410.5	410.5
Oct	406.1	407.5	414.0	407.6
Jan	406.9	408.3	413.0	410.0
Apr	408.6	406.9	412.0	412.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jul	504.2	505.0	512.0	506.5
Aug	505.2	506.0	514.0	505.5
Sep	506.5	507.3	516.0	506.0
Dec	511.7	512.5	522.0	511.0
Jan	512.3	613.1	0	0
Mar	516.8	517.5	525.5	517.5
May	520.7	521.4	529.0	525.0
Jul	524.2	524.9	527.0	527.0
Sep	528.0	528.7	0	0
Dec	533.7	534.4	542.0	536.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	84.90	84.90	85.55	84.70
Aug	84.90	85.15	84.90	84.90
Sep	85.15	85.35	86.10	84.50
Oct	85.25	85.40	0	0
Nov	85.40	85.45	85.70	85.60
Dec	85.50	85.50	86.30	84.60
Jan	85.65	85.60	0	0
Feb	85.80	85.70	0	0
Mar	86.00	85.80	86.50	85.80
Apr	86.15	85.95	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Aug	17.40	17.21	17.48	16.75
Sep	17.86	17.49	17.95	17.08
Oct	18.10	17.69	18.16	17.29
Nov	18.30	17.88	18.33	17.50
Dec	18.45	18.07	18.50	17.75
Jan	18.60	18.24	18.65	17.92
Feb	18.76	18.37	18.75	18.10
Mar	18.85	18.46	18.85	13.10
Apr	18.87	18.55	18.87	18.27
May	19.00	18.64	19.00	18.37

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Aug	49.75	48.84	49.80	47.85
Sep	50.80	49.91	50.85	48.85
Oct	51.85	51.08	52.05	50.10
Nov	53.10	52.23	53.30	51.40
Dec	54.20	53.35	54.30	52.50
Jan	55.15	54.20	56.25	53.50
Feb	55.50	54.50	55.50	53.90
Mar	54.75	53.75	54.76	53.40
Apr	53.70	52.85	53.70	53.20
May	52.85	52.00	53.00	52.50

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	989	968	992	973
Dec	1020	998	1022	1003
Mar	1045	1024	1046	1030
May	1065	1045	1066	1062
Jul	1085	1063	0	0
Sep	1105	1088	0	0
Dec	1125	1114	1118	1105
Mar	1146	1135	0	0
May	1164	1153	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Jul	72.20	70.50	72.60	71.50
Sep	72.75	71.25	73.40	71.10
Dec	75.25	73.55	75.80	73.60
Mar	77.20	75.85	77.80	76.60
May	78.50	77.20	79.00	78.00
Jul	79.95	78.60	0	0
Sep	31.35	80.00	0	0
Dec	84.50	83.25	84.50	84.50

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.98	9.80	9.98	9.73
Mar	10.19	10.06	10.20	10.00
May	10.28	10.18	10.28	10.04
Jul	10.25	10.12	10.26	10.07
Oct	10.20	10.10	10.20	10.06

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	59.70	59.00	60.90	58.70
Dec	61.15	60.04	61.90	60.85
Mar	62.10	61.09	62.85	61.60
May	62.75	61.90	63.20	62.60
Jul	63.40	62.40	63.40	63.05
Oct	62.00	31.50	0	0
Dec	62.00	61.50	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	113.85	115.20	115.15	114.00
Sep	116.35	117.90	118.20	116.20
Nov	119.35	120.40	121.00	119.25
Jan	121.00	122.00	122.25	120.30
Mar	123.00	123.50	123.00	122.00
May	125.00	125.50	123.10	123.00
Jul	125.00	125.50	0	0
Sep	122.50	123.00	0	0
Nov	122.50	123.00	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Jul.19	Jul.16	mnth ago	yr ago
1702.3	1703.5	1674.3	1557.9

DOW JONES (Base: Dec. 31 1974 = 100)

	Jul.16	Jul.15	mnth ago	yr ago
Spot	123.67	122.71	119.52	116.40
Futures	126.60	126.25	120.08	119.03

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	734/0	724/4	755/0	731/0
Aug	734/4	724/4	754/4	730/0
Sep	737/0	726/4	756/4	733/0
Nov	736/0	727/4	757/4	732/0
Jan	738/4	729/2	756/0	736/0
Mar	740/0	731/0	754/0	738/0
May	740/0	730/6	751/0	738/4
Jul	739/4	731/4	750/0	738/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	24.70	24.75	25.35	24.60
Aug	24.68	24.78	25.78	24.62
Sep	24.75	24.94	25.94	24.75
Oct	24.85	25.10	26.05	24.85
Dec	25.00	25.27	26.20	25.00
Jan	25.10	25.32	25.75	25.10
Mar	25.15	25.35	25.85	25.15
May	25.15	25.35	25.80	25.15

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	243.7	236.2	249.0	240.5
Aug	237.7	231.5	241.5	234.5
Sep	235.7	229.2	239.2	233.0
Oct	234.6	229.2	239.2	233.0
Dec	234.7	230.0	240.0	233.0
Jan	233.7	229.5	238.5	231.0
Mar	232.5	227.5	237.5	230.0
May	232.0	225.0	232.0	228.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	237/0	235/4	248/4	235/4
Sep	243/0	241/2	248/0	241/0
Dec	252/0	250/6	258/0	250/4
Mar	258/6	257/2	264/4	257/4
May	262/6	259/6	268/0	262/0
Jul	262/4	260/4	269/0	262/4
Sep	249/4	248/4	253/0	249/0
Dec	244/4	243/2	247/4	243/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	299/0	291/2	302/0	295/0
Sep	304/0	298/0	309/0	302/0
Dec	314/4	309/6	319/4	313/0
Mar	320/2	314/4	325/0	318/4
May	318/0	312/4	325/0	317/0
Jul	309/0	307/0	312/0	305/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	72.950	72.475	73.150	72.275
Oct	73.050	72.625	73.300	72.475
Dec	74.575	74.325	74.875	74.300
Feb	74.775	74.775	75.100	74.700
Apr	75.800	75.800	76.125	75.800
Jun	72.825	72.900	73.375	72.825
Aug	71.800	71.800	72.050	71.800

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Jul	47.800	47.075	48.175	47.300
Aug	47.150	46.475	47.700	46.600
Oct	43.400	43.025	43.800	43.025
Dec	45.200	44.650	45.675	44.700
Feb	45.825	45.100	46.200	45.250
Apr	44.900	44.150	45.200	44.400
Jun	50.075	49.525	50.500	49.550
Jul	49.450	48.650	49.450	49.000

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	42.425	40.850	42.825	41.000
Aug	40.850	38.900	40.900	39.100
Feb	47.925	45.925	47.925	46.450
Mar	47.375	45.375	47.375	46.250
May	48.800	46.800	48.800	48.250
Jul	48.800	46.600	48.800	48.100
Aug	48.950	46.950	48.950	0

LONDON STOCK EXCHANGE

Early gains trimmed before the close

By Terry Byland, UK Stock Market Editor

THE HIGHLY promoted debut of the UK government's remaining stake in BT gave some encouragement to the London stock market yesterday, but failed to provide the overall impetus for which equity strategists had been hoping. The improved economic statistics announced last week were overshadowed by the prospects for Thursday's important parliamentary debate on the Maastricht legislation.

Both the new BT stock (BT3) and the FT-SE 100 Index closed well below the day's best and investment confidence was dented by a new round of unfavourable developments in the pharmaceuticals sector.

In spite of an early and successful start for the new BT issue, the London market opened lower behind weakness in the Far East following the outcome of the elections in Japan. A loss of six points on the Footsie, which also reflected price adjustments for dividend payments, was recovered only when the stock index futures opened higher.

With the BT tranche soon at a premium of 25 to the 150p partly-paid issue price, and the existing BT stock strong in sympathy, the Footsie showed a gain of 13.7 early in the session. However, the rest of the day saw the market struggling and failing to hold on to its early levels.

By the close the FT-SE 100 had slipped to 2,842.9 for a rise of 9.9 on the day. The UK market was discouraged by strains in the oil market as Opec announced a meeting of its ministerial committee within a month.

Equity trading volume was heavily swollen by the BT issue. Turnover of 186m shares in BT3 and of 70m in existing BT stock made up about one-third of total Seaq business for the day of 760.4m shares. Non-Footsie business remained good, providing about 63 per cent of the total in spite of the focus on the telecommunications sector. On Friday, 628.8m shares were traded through the Seaq network for a retail value of £1.44bn.

Second line issues followed the general trend, bringing a loss of 6.2 to 3,211.3 in the FT-SE Mid 250 Index.

Enthusiasm for the BT sale was somewhat muted. Several analysts pointed out that nearly every important securities house in the London market is effectively gagged for the next two months from commenting or forecasting results for the UK telecommunications group. Some houses are believed to take a cautious view of BT's profits prospects and, following the allocation of 40 per cent of the BT3 stock to them, not all UK institutions were aggressive buyers in the market yesterday.

A further blow to the market came from the drugs sector. Shares in Boots responded favourably when the board announced that it was abandoning Manoplax, its heart drug, which has suffered extremely adverse research scrutiny. But there was a steep fall in Medeva stock after the board disclosed that this year's profits will be £10m below expectations because of problems in the US.

This news, on top of further pressure on pharmaceuticals from the US, brought widespread losses in this blue chip sector. Meanwhile, the economic optimism rekindled by the latest data on manufacturing output, unemployment and inflation still requires confirmation in the form of improved corporate profits.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ASDA Group†	31,000	82½	+2½
Abbey National†	2,400	409	+7
Albert Fisher	1,300	84	
Allied-Lyons†	953	545	+3
Anglian Water†	2,400	471	-2½
Argos	270	311	+5
Argyll Group†	2,800	313	+5
Arjo Wiggins†	2,000	189	+8
Assoc. Brit. Foods†	233	485	+1½
Ass. Brit. Ports	431	411	-3
BAA†	787	736	+4
BAT Inds.†	4,400	430½	-6½
Dalgety	136	448	
De La Rue†	202	844	+1
Dixons	873	186	+1½
Eastern Elect.	285	475	+8
East Midland Elect.	1,000	457	+16
Eng China Clays	1,200	410	+1
Enterprise Oil†	554	440	+3
Eurotunnel Units	110	405	+1
FKI	1,000	145	+2
Fisons	913	165	-3
Foreign & Col. I.T.	197	232	+1
Forte†	5,100	229	+7
MB Caradon†	378	279	+2
MEPC	113	450	+2
MFI	381	126	-1
Manweb	380	519	+8
Marks & Spencer†	2,500	335	
Midlands Elect.	1,600	503	+13½
Morrison (Wm.)	186	133	-1
NFC†	734	241	-2
NatWest Bank†	2,400	506	+4
National Power†	577	356	+5
Next	1,400	178	-4
Siebe†	1,100	497	+11
Slough Ests	208	230	
Smith (W.H.) A	645	447	+1
Smith & Nephew†	1,200	140¾	+½
Smith Beecham†	2,700	416	+1
Smith Beecham Uts†	1,200	368	-2
Smiths Inds.	48	380	+1
Southern Elect.	672	487	+13
South Wales Elect.	1,200	541	+14½
South West Water	33	508	-2
South West. Elect.	238	438	-2
[illegible]	[illegible]	[illegible]	[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

Heavy trade in BT3

DEALING in BT3 got off to a sprightly start as the new shares – the government's final 22 per cent tranche of BT – jumped to a healthy premium, although profit-taking later took the shine off the first day's trading.

Dealers reported that, as expected, small investors were first in the queue to off-load their shares as trading began. With institutional investors ready to buy up available stock, the shares jumped to an immediate 20p premium. Some institutions had received fewer shares than they had applied for, the global share offer being five times oversubscribed.

As the session got under way, there was also increasing arbitraging between the new partly-paid and ordinary shares. Turnover in the former reached 186m both ways out of the total issue of 1.22bn. The shares peaked in mid-morning at 175p, before profit-taking and a slackening in demand. They closed at 168p, a rise of 18 on the day. The ordinary rose 5 to 413¼p in exceptionally heavy turnover of 71m.

While the stabilisation programme being undertaken by S.G. Warburg, the government's adviser, will limit downward pressure, analysts are predicting a dull time for the new BT stock. "Increased competition and regulatory concerns will be hanging over the issue for some months to come," said one telecoms specialist.

Medeva shock

A shock profits warning from Medeva sent shares in the group tumbling 100 to 116p, and did further damage to a drugs sector weak from recent adverse comment. Turnover was a very heavy 28m shares, accounting for nearly 10 per cent of the shares in issue. The dramatic fall in the price revealed deeper worries in the market over the quality of the stock.

The company warned that problems at one of its US subsidiaries would mean profits some £10m below market forecasts for this year. One pharmaceuticals specialist commented: "Medeva has always based its earnings growth on its acquisitions and now one of those has gone wrong. The market's worried that it could happen elsewhere." There were also darker hints that warnings of trading worries at the group had been circulating in the market for some weeks, but had been firmly rejected by sources close to the company.

Doubts at Boots

In a second dramatic development in the drugs sector yesterday, Boots announced that it was withdrawing its front-line heart treatment Manoplax. Boots shares jumped on the news, initially because of its earning-enhancing potential, but later lost heart as speculation mounted that the company may be considering selling its pharmaceutical division. The shares closed 13 ahead at 435p in hefty volume of 9.5m.

Manoplax had been dogging the Boots price for several weeks after a research report suggested that too high a dosage could be lethal. Boots' decision yesterday will add around 6 per cent to earnings in the year to March 1995, according to analysts. Speculation that the company may entertain offers for the drugs division generated further excitement, although most stores specialists were sceptical. The business turned over around £550m last year.

Oil tremors

News of an agreement between the United Nations and Iraq over weapon monitoring sent oil prices falling to their lowest level since just before the Gulf War, casting a shadow over the UK oil sector.

Many analysts perceived the agreement as making an accord on Iraqi oil sales easier, increasing the supply on the world market and thus weakening oil prices further. The day's casualties included BP, where the shares fell 6½ to 285½p, in trade of 6.4m. Shell Transport slipped 4 to 607p on 2.7m traded.

However, the oils team at Strauss Turnbull said the decline in Shell offered investors a good buying opportunity saying, "it is more involved in the refining and marketing end than BP which makes it a more defensive stock". Lasmo shed 2 to 137½p. British Gas continued to recover and gained another 4 to 298p.

News that SmithKline Beecham had applied to register a new herpes treatment helped the shares close up and was largely responsible for the big fall in Wellcome. The latter has the lion's share of the £750m a year herpes market, with the leading drug Zovirax. SmithKline added a penny to 416p, with Wellcome 30 down at 604p.

Shares in Union Discount gained 6 to 151p, ahead of figures next Monday. Shares in international trading group BAT bucked the market trend shedding 6 to 431p, in trade of 4.4m, on a combination of profit taking following last week's strong run, and nervous trading ahead of figures from US rival Philip Morris.

Legal & General jumped 14 to 510p, as dealers appreciated the 27 per cent increase in new business it announced yesterday. Prudential Corporation put on 6 to 348p, with Legal.

Among composite insurers, Commercial Union were in demand, with Hoare Govett said to be positive. The shares gained 11 at 631p.

Abbey National, a poor feature last week, recovered to close up 6 at 409p. Credit Lyonnais Laing was said to have advised investors to switch into Abbey and out of National Westminster, whose shares nevertheless firmed 4 to 506p.

Speculation that the long expected sale by TSB of Hill Samuel, its merchant banking arm, continued to circulate, sending the shares 5 up to 204p.

Weekend press reports that Great Universal Stores was considering ways of distributing a cash pile estimated at £1.5bn to shareholders saw the shares sustain last week's momentum. The "A" stock rose 47 to 1957p, while the ordinary added 90 at 3450p. Last week the shares surged after the company announced its intention to enfranchise the non-voting shares.

Hopes of a cut in German interest rates pushed ahead the share price of Redland 13 to 481p. Spring Ram benefited from the filip of bid speculation to move up 4 to 54p.

Confidence that its recent rights issue would prove a success began to turn the tables for United Newspapers after its bruising in the UK tabloid newspaper price wars. The stock moved up 5 to 523p.

BAA, the UK airports operator, firmed 4 to 735p after it predicted traffic growth of around 4 per cent this year.

Container rental group Tipbook, which reported a loss last week continued out of favour. Late afternoon bargain hunters helped the shares close off the bottom finishing 21 off at 230p.

The 10 recs that went ex-dividend were greeted by a positive response from the market with a few of them managing to notch up price rises on the day. Midlands moved up 9 to 503p while its neighbour East Midlands finished ahead 2 at 457p; London edged up a penny to 483p.

A technicality born of a thin market was cited by one analyst as the reason behind an increase of nearly 15 per cent for Campari, the sporting clothes company. Campari, which has issued two profits warnings this year, moved up 20 to 133p.

Reconstruction moves sent the price of UK Land into freefall leaving it at 4p - a decline of 26p.

Optimism ahead of Thursday's agm drove ahead Regalian Properties 2 to 17½p while the rest of the sector held on to its recent firmness.

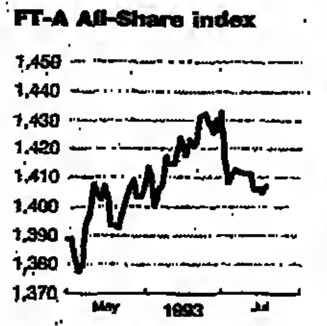
International mining group RTZ jumped 15 to 683p, after it announced the sale of its US oil and gas interests for $510m. Market watchers had expected the sale but the price obtained for the disposal was well above the best estimates of many analysts.

Mr Emil Morfett at Smith New Court which turned buyers of the stock earlier this month said: "RTZ is renowned for getting premium prices for their assets on disposals and this is another of those examples." He expects further disposals soon.

MARKET REPORTERS: Joel Kibazo, Christopher Price, Christine Buckley.

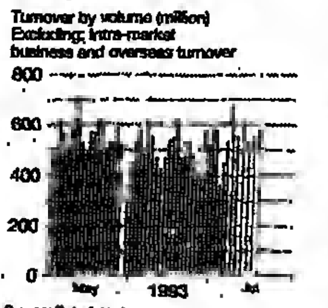
■ Other statistics, Page 17

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (153). BRITISH FUNDS [illegible] ... [illegible] Treas. 14½pc '94, Treas. 7¾pc '98 B, BREWERS (2) Greenalls, Do 5.85pc Pf., BUSINESS SERVS (4) Barbour Index, Inchcape, Scott Pickford, Sherwood Cmptr. Servs., ELECTRICALS (1) Neotronics, ELECTRONICS (3) Betacom, Linx, Multitone, FOOD MANUF (1) Dalepak, FOOD RETAILING (2) Kwik Save, Tesco Capital 9pc Cv. '05, HEALTH & HSEHOLD (8) AAH, Glaxo, Intercare, Medeva, Smith & Nephew, Wellcome, INV TRUSTS (6) China Inv., Danae, Fimg. High Inc., St David's, Tor Inc., MISC (2) Coalit, Pentland, OIL & GAS (2) Arcon, LASMO, OTHER INDLS (1) Renishaw, PACKG, PAPER & PRINTG (2) Microgen, St Ives, STORES (1) Country Casuals, MINES (1) Melinga.

FINANCIAL TIMES EQUITY INDICES

	July 19	July 16	July 15	July 14	July 13	Year ago	*High	*Low
Ordinary share	2234.3	2218.8	2221.5	2220.9	2228.5	1824.1	2299.5	2124.7
Ord. div. yield	4.14	4.16	4.18	4.16	4.15	5.05	4.52	4.07
Earning yld % full	4.93	4.95	4.95	4.95	4.93	7.27	6.38	4.82
P/E ratio net	25.98	25.84	25.86	25.88	25.85	17.32	26.57	19.40
P/E ratio nil	24.09	23.95	23.99	23.97	24.06	16.11	24.60	18.14
Gold Mines	224.1	224.5	221.0	[illegible]	[illegible]	[illegible]	[illegible]	80.0

[illegible]

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2218.2	2228.8	2234.8	2233.9	2234.8	2234.8	2235.4	2233.0	2234.5	2235.6	2218.1

Volume	July 19	July 16	July 15	July 14	July 13	Year ago
SEAQ Bargains	34,743	31,036	27,170	24,453	25,584	23,153
Equity Turnover(£m)†	-	1437.1	1438.5	1393.6	1598.4	950.0
Equity Bargains†	-	37,324	31,371	28,241	30,453	24,883
Shares traded (mil)†	-	591.8	555.0	523.0	605.1	387.3

† Excluding intra-market business and overseas turnover.

London report and latest Share Index Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2842.9 +9.9	3211.3 -6.2	1408.73 +3.01

	Jul 19	Day's change %	Jul 16	Jul 15	Jul 14	Year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return
FT-SE 100	2842.9	+0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250	3211.3	-0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250 ex Inv Trusts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE SmallCap	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE SmallCap ex Inv Trusts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-A ALL-SHARE	1408.73	+0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	15.10	16.10	High/day	Low/day
FT-SE 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

FT-SE Actuaries 350 Industry Baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	15.10	Close	Previous close	change
Construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Health&H	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Water	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Account Dealing Dates

*First Dealings:	Jul 5	Jul 19	Aug 2
Option Declarations:	Jul 15	Jul 29	Aug 12
Last Dealings:	Jul 16	Jul 30	Aug 13
Account Day:	Jul 26	Aug 9	Aug 23

*New time dealings may take place from 9.30am two business days earlier.

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.		Price £	+ or -	1993 high
Conversion 10¼pc 1999	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.21	Consols 4pc	[illegible]	[illegible]	[illegible]
9pc 2000‡‡	[illegible]	[illegible]	[illegible]	106	8.23	7.19	War Loan 3½pc‡‡	[illegible]	[illegible]	[illegible]
Treas 13pc 2000	[illegible]	[illegible]	[illegible]	125½	10.07	7.54	Conv 3½pc '61 Aft.	[illegible]	[illegible]	[illegible]
10pc 2001	[illegible]	[illegible]	[illegible]	[illegible]	8.75	7.47	Treas 3pc '66 Aft.	37	[illegible]	37
9¾pc 2002	[illegible]	[illegible]	[illegible]	[illegible]	8.55	7.78	Consols 2½pc	[illegible]	[illegible]	[illegible]
8pc 2003‡‡	[illegible]	[illegible]	[illegible]	[illegible]	7.71	7.45	Treas. 2½pc	31	---	31½

BRITISH FUNDS - Cont.

[illegible]

OTHER FIXED INTEREST

[illegible]

Continued on next page

CROSSWORD

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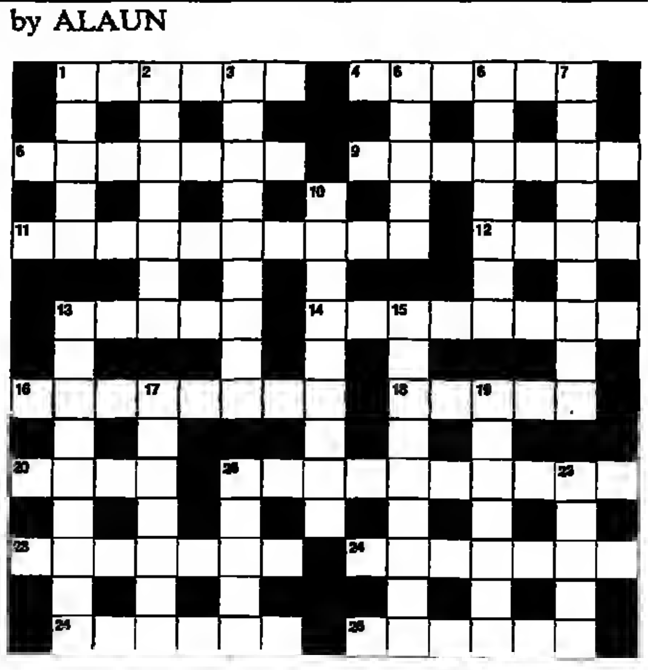

ACROSS
1 With night approaching, the cat carries it back (6)
4 Steal away for a drink (6)
8 Spilled the beans about the former Communist (7)
9 Do soldiers disembark at them to get weapons? (7)
11 As a boss, mighty obstinate (10)
12 Was a spendthrift and a shade outspoken (4)
13 With difficulty manage to get a sound sleep (5)
14 Don't allow the sailors to go into safe cover (5,3)
16 State carriage (8)
18 Right away, put in the picture (5)
20 Overtips by a pound, it is said (4)
21 Not thoroughly pickled, is still too tough to eat (4,6)
23 Sing back "Without doubt it's a bone" (7)
24 Gases the animals (7)
25 Crockery smashers (6)
26 The critic's surname? (6)

DOWN
1 Romance set, say, in a European city (5)
2 Nonsense! There's time to dawdle about (7)
3 A part of the gate (9)
5 Gently pressed the bell by accident (5)
6 Watercolours the British get in a row for shifting round (7)
7 Made to leave, as it proved (6,3)
10 Does list the English painting (9)
13 Do a quick volte-face in the appeal for contributions (4-5)
15 Put back again in the compartment (9)
17 Financial advisers? (7)
19 Drink you put mint, for instance, into (7)
21 Building hard by the river (5)
22 Come on stage and you introduce (5)

JOTTER PAD

Solution 8,205

EQUITY FUTURES AND OPTIONS TRADING

THE shadow of BT3 and the first day of the new trading account had a calming effect on stock index futures, although the September contract managed to push through its recent resistance level, Christine Buckley writes.

Dealers are also maintaining some caution ahead of Thursday's Commons vote on the Maastricht treaty. Additionally they were stymied by a starvation diet of economic data.

The contract opened at 2,842 and dipped shortly afterwards to its day's low of 2,838. Then it began to find its feet and began a steady climb to its high of the session at 2,863 which was reached about 10am. Volume was modest at 6,359 contracts.

It was a healthy 8½ points ahead of its fair value premium to cash – which is estimated at 4 points.

One trader was surprised at how little the market made of the September contract breaking its resistance level which has settled at 2,850 in recent sessions but put it down to hesitation in the absence of economic statistics.

Volume was poor in traded options with the total number of lots registering a fall of more than 7,000 on Friday's figure at 19,211.

Not surprisingly BT proved the most active of the stock options at 2,959 lots. The Euro FT-SE 100 option performed well at 3,090 with the FT-SE 100 option just ahead at 3,246 lots.

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		16⅜xd	–⅛	20⅞	16⅜	15,966	2.6
Allegheny & W	♥	425p	+12	652p	399p	324.8	3.0
Amdahl		334p	–13	691p	302½p	376.1	0.9
Amer Cyanamid		36½	–⅛	39⅝	31⅛	3,200	2.9
Amer Express		21⅞xd	+⅛	21⅞	14⅞	10,286	3.0
Amer T & T		42⅞xd	–⅜	43	33⅞	56,437	2.0
Ameritech		52⅞	+⅞	54½	46	22,922	4.6
BankAmerica		29⅞xd	—	38⅛	27⅛	10,436	2.9
Bankers NY		51⅞xd	—	52⅛	42⅝	4,153	3.6
Bell Atlantic		37⅞	–⅛	39½	32¼	16,454	4.5
BellSouth		37⅞	–⅛	39⅞	32⅞	18,463	4.7
Bethlehem Steel	♥	12½xd	+⅛	13⅝	10	1,121	–
Bowater		1597pxd	–19	1662p	1287p	495.3	1.6
CPC		27⅜xd	+⅛	34⅛	26	4,222	2.9
California Engy		1234p	—	1479p	1065p	224.7	–
Chase Manhattan		21⅞xd	+⅛	24½	17⅝	3,414	6.5
Chrysler		36½xd	–⅛	32½	21¼	8,931	1.2
Citicorp		21⅞xd	+⅛	21⅞	13⅞	7,813	–
Colgate-Palm		36⅞xd	–1⅛	46⅞	35⅛	5,577	2.5
Cont'l Bank		1584p	+20	1677p	1278p	1,800	2.4
Dana		36⅞xd	+⅛	36⅞	29⅞	1,050	2.0
Data General		617p	–9	951¼	557p	170.3	–
Decora Inds	♥	121p	–4	148p	109p	–	–
Dun & Brad		38⅛	–1⅛	42⅞	37⅞	7,064	3.9
Eaton		28⅞	–⅛	31⅛	25⅞	2,002	2.4
Echlin		20⅞xd	+⅛	20⅛	15⅛	1,167	2.2
FPL		25⅞xd	–⅛	27⅞	23¼	4,700	6.6
Ford Motor		34½xd	+⅛	36½	25⅞	16,840	1.8
Gen Elect		67⅞xd	+⅛	67⅞	53⅞	87,327	2.4
General Host	♥	567p	+1	723p	213p	–	4.6
Gillette		36xd	–⅛	42⅞	21⅞	7,616	1.5

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+ or -	1993 high	1993 low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv	203	+1	205	183	2.5	238.2	15.2
Warrants	54¼	+½	54½	38	–	–	–
Scot Mortgage	132	—	201	175	2.5	223.6	13.7
Scot National Inc	86½	-½	95½	63	10.8	–	–
Cap	24	—	28	18	–	66.4	64.9
Stepped Pf	164¾	—	159¼	150¼	4.9	–	–
Zero Div Pf	915½	+1½	215½	207	–	–	–
Warrants	2½	—	3	2½	–	–	–
Scot Value	67	—	87	71	2.6	84.7	-2.7
Sec Alliance	1480	—	1505	1300	3.1	1599.3	7.5
Second Consld	164	+1	164	66	–	214.2	23.6
Second Market	343	-1	347	256	0.7	359.8	4.8
Sec Tst Scot	50	—	84½	74½	6.0	83.0	1.0
Select Assets	137	—	136	109½	1.1	172.4	20.5
Eq Ind Sert	137	+2	137	129	2.8	–	–
Eq Ind Serll	137	+2	137	128	3.0	–	–
SHIRESCOT	134	—	155	108	4.9	128.3	-4.4
Shires	261	+1	263	501	5.8	253.9	-2.8
11pc Cv Ln '03/04	£130½	+3	£131½	£115½	8.4	–	–
Siam Select	128	—	136	91	1.0	148.3	14.8
Warrants	50	—	49	15	–	–	–
Smaller Cos	125	—	128	78	5.8	119.4	-4.7
Warrants	42	—	42	14	–	–	–
Sphere Inc	25xd	+½	25½	14	15.5	35.8	28.8
Zero Div Pf	88¾	+½	88¾	60¼	–	–	–
Sumit	78	—	75	36	5.8	94.2	20.3
TR City of Lon	138½	—	148¼	126	4.3	131.3	-5.6
TR Euro Growth	110	—	111	78	1.5	118.4	4.7
Ptg Sub	48	—	59	27	2.8	–	–
TR Far East Inc	148	—	145	112	4.9	140.6	9.4
Warrants	47½	—	43	22	–	–	–
[illegible]							

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

[illegible]

MERCHANT BANKS

Notes	Price	+ or -	1993 high
Barings Spc Cm 2nd Prf.	100½	—	106½
9¾pc Non-Cum Prf	131¾	+½	127½
Close Bros	360	—	370
Hambros	342	—	360
7½pc Cv Pf	146	—	151
Joseph (L)	358	-2	363
Kleinwort Benson	495	—	430
Rea Bros	41	—	42
Schroders	963	+23	987½
N/V	855	+25	855
Singer & Fried	87	—	78
Warburg (SG)	728	—	741
8pc Cv Pf	254	—	256
Wintrust	240	—	250

METALS & METAL FORMING

Notes	Price	+ or -	1993 high
ADW	208	—	223
Apollo Metals	105	—	286
Ash & Lacy	151	-2	178
Billam (J)	283	—	312
Brit Steel	102½	+1	106
CL	28	—	28
Castings	193	—	198
Chamber & Hill	135	—	145
Cohen (A)	335	—	400
Cook (Wm)	208	+1	209
Cooper (F)	[illegible]		
[illegible]			

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
[illegible]						
Normal West	41	—	57	31	20.6	-
Kells Mints	13	—	13	8	0.31	-
Kenmare	9	—	13½	5	9.01	-
Malinga Res.	12½	-1½	25½	12½	1.38	-
Nevan Res	88	—	150	25	15.0	-
5pc Ln Notes	86½	—	94¾	25	15.6	-
Oryx Gold	76½	—	76½	47	-	-
Ovoca Res	5½	—	5½	3½	0.38	-
RTZ	683	+14	708	607	7,055	3.8
Vizcaya	5¼	—	0¾	2¼	3.08	-

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

□ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
φ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ Free annual/interim report available, see details below.
♀ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Not officially UK listed; dealings permitted under Rule 535(2)
‡ Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue.
♦ Merger bid or reorganisation in progress
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
θ Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
R Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994.
S Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

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An International service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Singer & Friedlander UT Mgmt Ltd (1000)F

Smith & Williamson Unit Tst Mgrs (1600)F

Sovereign Unit Tst Mngrs Ltd (1000)F

Standard Life Tst Mgmt Ltd (0730)H

State Street Unit Trust Mngrs Ltd (1400)F

Stewart Ivory Unit Tst Mgrs Ltd (1200)H

Sun Alliance Unit Tst Mgmt Ltd (1200)F

Sun Life of Canada Unit Mgrs Ltd (1000)H

Sun Life Trust Mngmt Ltd (1200)H

Swiss Life Unit Tst Man Co Ltd (1200)F

TSB Unit Trusts (1200)F

T.U. Fund Managers Limited (1200)H

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1200)F

UK Standard Inv Mngrs Ltd (1200)F

Waverley Unit Tst Mngt Ltd (1000)F

Whittingdale Unit Tst Mngt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

Robert Fleming Asset Mngmt Ltd

Foreign & Colonial Unit Management Ltd

Funds in Court*

Govett (John) Unit Mngmt Ltd

Henderson Unit Trust Management Ltd

INVESCO Asset Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd §

Local Authorities Mutual Invest. Tst.*

M & G Securities Ltd

Merlin Jupiter Unit Trust Managers Ltd

Morgan Grenfell Investment Funds Ltd

Morgan Stanley International

Murray Johnstone UT Mngmt

PDFM Unit Managers Ltd

Rothschild Asset Management

J. Rothschild Fund Managers Ltd

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Baring Investment Mngmt Ltd

CAF - Charity Money Management

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities Official Inv Fd§

Charity Fixed Int Fd/Charity Equity Fd

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Fleming Investment Trust

INSURANCES

AXA Equity & Law Life Assce

Abbey Life Assurance Co Ltd

Abbey National Life Plc

Access Life Assurance Co Ltd

AEGON Life Assurance Co (UK) Ltd

Albany Life Assurance Co Ltd

Albany Life Assurance Co Ltd - Contd.

Alfred Dunhill Assurance Plc

American Life Insurance Co UK

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Assurance

Britannia Life Ltd

Canada Life Group

Cannon Assurance Ltd (z)

Century Life Plc

Century Life Plc - Contd.

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investment Group

Colonial Mutual Group

Coombed Life Assurance Co Ltd

Commercial Union Group

Consolidated Life Assurance Co Ltd

Crown Financial Management Ltd

Eagle Star Life Assurance Co Ltd

Eagle Star Insur/Midland Assur.

Equitable Life Assurance Society

Eurolife Assurance Company Ltd

Family Assurance Society

Friends Provident

FS Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Hill Samuel Life Assur. Ltd - Contd.

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General

Liberty Life Assurance Co Ltd

Lifetime Assurance Ltd

Life Association of Scotland

Lincoln Life

London Life

London & Manchester Assurance

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NM Life Assurance Ltd

N & P Life Assurance Ltd

NPI

National Mutual

National Westminster Life Assce Ltd

Norwich Union Insurance Soc.

Norwich Union Life Insurance Soc. - Contd.

Norwich Union Pensions Management Ltd

Pearl Assurance (Unit Funds) Ltd

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Property Life Assurance Ltd

Providence Capitol Life Assc. Co Ltd

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Providence Capitol Life Assc. Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Alpha Pension Funds				
UK Alpha		228.0	-0.1	-
US Alpha		122.5	-1.4	-
Gilt Alpha		88.1		-
Gold Alpha		67.0	+1.4	-
Japan Alpha		48.2	-0.6	-
US Dollar Alpha		76.7	-0.4	-
Yen Alpha		82.2	+0.3	-
Gilt Alpha		87.0	+0.2	-
European Alpha		90.3	+0.8	-

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Gold Range (Pensions)				
Managed Fund		158.0	+0.5	-

Scottish Amicable
150 St Vincent St, Glasgow 041-248 2323

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds (First Series)				
Managed	408.5	430.1	-0.30	-
Equity	508.1	534.9	+1.50	-
Property	243.2	254.2	+0.20	-
International	405.6	427.9	-4.30	-
Japanese	117.1	123.3	-1.40	-
Asia Pacific	136.3	140.7	-2.00	-
European	110.2	116.1	+0.10	-
American	145.8	153.5	-2.60	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey 0534 284242						
Lloyds Tst. Gilt	3½	210.368	10.309xd	10.760	-0.028	7.43
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 606000						
Intl Circuit Portfolio	0	1.2569	1.2509	1.3094	+0.008	0.00
Gilt	0	1.0065	1.0065xd	1.0076	-0.004	7.71
Prudential Fund Managers (Jersey) Ltd						
PO Box 103, St Helier, Jersey 0534 70009						
Prudential Currency Fd (Formerly Vanbrugh Currency Fd)						
Income (D & B)	5	212.4	212.4	223.0	-0.7	3.41
Growth (C & D)	5	319.6	319.9	336.0	-1.0	–
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 27441						
Govt Secs Fd	4	56.05	56.05	58.38	-0.06	7.84
Standard Bank Fund Mgmt (Jersey) Ltd						
PO Box 583, St Helier, Jersey CI 0534 67557						
International Bond	5		16.07	16.96	+0.07	4.63
Sterling Bond	3		9.985	10.38	-0.03	6.40
Sterling Cap			42.09	42.09	–	5.30
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey 0534 503002						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	0	101.48	101.48xd	104.53	+0.05	5.00
Gilt & Fixed Interest	3	119.58	119.58xd	123.84	-0.01	7.47
Blue Chip & Gilt Edged	5	59.96	59.96	63.11	+0.80	3.61
International Bond	5	138.30	138.56	145.40	-0.31	4.87
UK Equity	5	252.32	260.86	274.69	-0.48	1.38
International Equity	5	181.32	184.20	193.80	-0.70	0.36
Far Eastern	5	174.08	177.29	186.83	-0.80	0.00
European	5	129.30	130.20	137.05	+1.27	0.00
Pan American	5	368.77	372.73	392.35	-5.40	0.00
TSB Gilt Fund Ltd						
Quarterly Share	3	107.47	107.47xd	110.99	-0.34	7.57
Monthly Share	3	108.72	108.72xd	110.21	-0.34	7.62

JERSEY (REGULATED)(**)

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Banque Scandinave a Luxembourg SA - Contd.						
Scandifond Bond Fund						
Bond Int. Acc	1	$	12.34	12.46	+0.02	6.04
Europe Bond Acc	1	$	1.63	1.66	+0.02	7.10
Bond DEM Acc	1	DM	1.25	1.26	-0.01	6.64
Bond USD Acc	1	$	1.43	1.45	–	5.79
Bond Sweden Acc	1	SKr	10.64	10.81	+0.05	10.14
Scandifond International Sicav						
Intl Emerging Markets	0	$	1.06	1.10	-0.01	–
Barclays Diversified Portfolio						
14 rue Aldringen L-1118 352 4798 2839						
IPB Deutschmark Reserve		DM	31.59	–	–	–
IPB Sterling Reserve		£	10.40	–	–	–
IPB Swiss Franc Reserve		SFr	30.05	–	–	–
IPB US Dollar Reserve		$	20.36	–	–	–
IPB European Bond		Ecu	17.87	–	–	–
IPB North American Bond		$	21.43	–	–	–
IPB Espana		Pta	2902	–	–	–
IPB Europe		Ecu	18.51	–	–	–
IPB Japan		$	28.38	–	–	–
IPB Pacific Rim		$	22.88	–	–	–
IPB United Kingdom		£	11.01	–	–	–
IPB United States		$	21.44	–	–	–
Barclays Inv Funds (Luxembourg)						
41 Avenue de la Gare L-1611 010 352 404344						
Equity Funds						
European Equity ‡	5¼	$	0.933	0.993	+0.005	0.3
Intl Equity ‡	5¼	£	1.482	1.505	-0.007	0.0
North Am Eqty ‡	5¼	$	33.86	36.00	-0.250	0.3
Pacific Eq ‡	4¾	$	6.273	6.670	-0.054	1.5
UK Equity ‡	5¼	£	1.100	1.170	+0.005	2.8
Bond Fund						
International Bond ‡	3½	$	100.2	104.84	+0.228	6.3
CMI Asset Management (Luxembourg) SA						
203 route d'Arlon, L-1150 Lux 010 352 458525						
CMI Managed Portfolio Investment Company (a)						
Safeguard Portfolio F		£	1.279	1.301	+0.005	–
Growth Portfolio F		£	1.108	1.225	+0.002	–
Enterprise Portfolio F		£	1.098	1.169	-0.005	–
CMI Global Network Fund (a)						
Australasian Equity		A$	13.328		-0.030	–
Benelux Equity		Dfl	22.074		–	–
Canadian Equity		C$	10.003		-0.029	–
SE Asia Equity		$	13.307		-0.039	0.95
French Equity		FFr	63.001		-0.212	0.84
German Equity		DM	19.241		+0.061	–
Iberian Equity		Pta	757		+14	0.01

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar loses in ERM respite

European currency markets were surprisingly quiet yesterday morning after last week's tensions, casting an unwelcome spotlight on the dollar, *writes Stephanie Flanders.*

Although few in the market think that the ERM's troubles are at an end, yesterday saw many traders unwind short positions adopted in the previous week, as the immediate danger to existing parities seemed to ease.

Both the French franc and the Danish krone firmed somewhat as a result, while the dollar's reduced attractiveness as a safe baven currency led the American unit to fall sharply over the course of the day.

Part of the reason for the more relaxed mood in European markets was the Bundesbank's two-day currency pact, which was interpreted as a sign that official German rates will continue their slow but steady fall in the near future. Whether or not they agree with this view, many traders are at least waiting to see this week's German monetary growth figures before staking much more ou possible currency realignments.

The Frencb franc gained steadily during the day, closing in London at Ffr3.407 against the D-Mark, up from Friday's close of Ffr3.418. The recovery in the Danish krone was even more striking, with the currency closing around Dkr3.8560 against the D-Mark, above Friday's Dkr3.8885 and comfortably above its ERM floor of Dkr3.9016.

Despite the fall-off in speculative pressure, the Danish central bank is expected to maintain the policy for defending the currency which it adopted last week.

Yesterday it increased its 16 day liquidity rate to 20 per cent. The Danish authorities plan to demand a similar 17 day rate this morning.

The dollar weakened considerably during the day, closing in London nearly two pfennigs lower against the D-Mark and almost 2 cents down on sterling. At close of London trading, the American currency stood at DM1.7055, and $1.4985 against sterling, compared to tbe previous DM1.7245 and $1.4790.

Some traders said that the dollar weakening was due to the markets looking less charitably at America's tentative economic recovery and continued balance of payments weakness, as demand for a safe haven currency was considered less necessary. Many will be waiting for Mr Alan Greenspan, the Chairman of the Federal Reserve, to testify before Congress today and Thursday about current US economic prospects.

Sterling gained ground during the day against the D-Mark as wall as the dollar. Tbe pound closed at DM2.5550, up from Friday's close of DM2.5500.

A number of dealers attributed the rise to lowered expectations of speedy interest rate cuts, although they warned that political uncertainties over the next few weeks may reverse some of sterling's recent gains.

£ IN NEW YORK

Jul 19	Latest	Previous Close
£ Spot	1.4995 - 1.5005	1.4860 - 1.4870
1 month	0.40 - 0.39pm	0.37 - 0.36pm
3 months	1.06 - 1.04pm	1.04 - 1.03pm
12 months	3.18 - 3.10pm	3.13 - 3.03pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 19	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	192.854	188.876	-2.06	3.80	35
Spanish Peseta	154.250	152.726	-0.99	2.67	17
Irish Punt	0.808628	0.807131	-0.18	1.85	22
Belgian Franc	40.2123	40.2672	0.14	1.52	8
Dutch Guilder	2.19672	2.19311	-0.16	1.82	23
D-Mark	1.94964	1.94863	-0.05	1.71	24
Danish Krone	7.43679	7.55377	1.57	0.08	-58
French Franc	6.53883	6.64710	1.66	0.00	-75

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jul 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.64-1.79pm. 12 Month 3.17-3.07pm

STERLING INDEX

	Jul 19	Previous
[illegible]	[illegible]	[illegible]

CURRENCY RATES

Jul 19	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jul 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

CURRENCY MOVEMENTS

Jul 19	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

Jul 19	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 4⅛-4 per cent; three years 4½-4⅜ per cent; four years 5-4⅞ per cent; five years ... per cent nominal. Short term rates are call for US Dollar and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Jul 19	£	$
[illegible]	[illegible]	[illegible]
Singapore	2.4205 - 2.4265	1.6190 - 1.6200
S.Af (Cm)	4.9965 - 5.0075	3.3425 - 3.3440
S.Af (Fn)	0.7640 - 0.7790	4.5200 - 4.5300
Taiwan	39.50 - 39.00	26.50 - 26.60
U.A.E.	5.4890 - 5.5015	3.6715 - 3.6735

EXCHANGE CROSS RATES

Jul 19	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta	Ecu
£	1	1.499	2.556	162.5	8.706	2.245	2.878	2388.	1.917	52.70	199.9	1.316
$	0.667	1	1.705	108.4	5.807	1.498	1.920	1580	1.279	35.16	133.4	0.878
DM	0.391	0.587	1	63.60	3.407	0.879	1.126	926.0	0.750	20.63	78.24	0.610
YEN	6.154	9.225	15.72	1000.	53.57	13.82	17.71	14572	11.80	324.3	1230	8.098
F Fr.	1.149	1.722	2.936	186.7	10	2.579	3.306	2720	2.202	60.54	229.6	1.512
S Fr.	0.445	0.668	1.138	72.38	3.878	1	1.282	1055	0.854	23.47	89.04	0.586
N Fl.	0.347	0.521	0.888	56.48	3.025	0.780	1	822.8	0.666	18.31	69.46	0.457
Lira	0.422	0.633	1.079	68.62	3.676	0.948	1.215	1000.	0.810	22.26	84.42	0.556
C$	0.522	0.782	1.333	84.77	4.541	1.171	1.501	1235	1	27.49	104.3	0.686
B Fr.	1.898	2.844	4.848	308.3	16.52	4.260	5.461	4493	3.638	100.	379.3	2.497
Pta	0.500	0.750	1.278	81.29	4.355	1.123	1.440	1185	0.959	26.36	100.	0.658
Ecu	0.760	1.139	1.941	123.5	6.615	1.706	2.187	1799	1.457	40.05	151.9	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE EURO SWISS FRANC OPTIONS; LIFFE SHORT STERLING OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS; LIFFE SHORT STERLING OPTIONS

Strike Price	Calls-settlements		Puts-settlements	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Sep	2854.0	2883.0	2838.0	2847.0
Dec	2871.5	2876.0	2861.0	2884.0
Mar	2887.0			2880.0

Estimated volume 8075 (8871)
Previous day's open int. 43174 (42436)

* Contracts traded on APT. Closing prices shown.

CHICAGO

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PHILADELPHIA SE £/$ OPTIONS

Strike Price	Calls				Puts			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES; THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate); CAC-40 FUTURES (MATIF) Stock index; ECU BOND (MATIF); OPTION ON LONG-TERM FRENCH BOND (MATIF)

	Open	Sett price	Change	High	Low	† Yield	† Open int.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4985	1.4946	1.4880	1.4803	1.4673

BASE LENDING RATES

Adam & Company 6	Cyprus Popular Bank 6	Mount Banking 6
Allied Trust Bank 6	Duncan Lawrie 6	NatWestminster 6
AIB Bank 6	Equatorial Bank plc 6	•Nykredit Mortgage Bnk 6.5
•Henry Ansbacher 6	Exeter Bank Limited 7	•Rea Brothers 6
B & C Merchant Bank 13	Financial & Gen Bank 7	Roxburghe Bank Ltd 6
Bank of Baroda 6	•Robert Fleming & Co 6	Royal Bk of Scotland 6
Banco Bilbao Vizcaya 6	Girobank 6	•Smith & Williamson Secs 6
Bank of Cyprus 6	•Guinness Mahon 6	Standard Chartered 6
Bank of Ireland 6	Habib Bank AG Zurich 6	TSB 6
Bank of India 6	•Hambros Bank 6	•United Bk of Kuwait 6
Bank of Scotland 6	Heritable & Gen Inv Bk 6	Unity Trust Bank Plc 6
Barclays Bank 6	•Hill Samuel 6	Western Trust 6
Brit Bk of Mid East 6	C. Hoare & Co 6	Whiteaway Laidlaw 6
•Brown Shipley 6	Hongkong & Shanghai 6	Wimbledon & Sth West 7
CL Bank Nederland 6	Julian Hodge Bank 6	Yorkshire Bank 6
Citibank NA 6	•Leopold Joseph & Sons 6	
City Merchants Bank 6	Lloyds Bank 6	• Members of British Merchant Banking & Securities Houses Association
Clydesdale Bank 6	Meghraj Bank Ltd 6	
The Co-operative Bank 6	McDonnell Douglas Bk 6	
Coutts & Co 6	Midland Bank 6	
Credit Lyonnais 6		

MONEY MARKETS

Sterling futures fall

Trading in sterling futures yesterday took the brunt of increased market pessimism about future UK interest rate cuts, *writes Stephanie Flanders.*

The drop in all sterling future contracts ranged from 6 to 10 basis points, and occurred early in the day's trading. The September contract fell by 7 points from Friday, closing at 94.11. There was a further slight narrowing in the margin hetween Septamber and December sterling, with the later contract losing 10 basis points to close at 94.29.

UK clearing bank base lending rate 6 per cent from January 26, 1993

Many dealers suggested that hopes of an early fall in interest rates were now indefinitely on hold. This, they said, could be put down to a mixture of the political uncertainty surrounding the ratification of the Maastricht treaty and the upcoming Christchurch by-election, as well as market speculation that Friday's UK GDP figures for the aecond quarter may show strong growth.

At the shorter end of the UK money market, traders were pleasantly surprised by a smaller than forecast shortage of £450m, later revised to £350m. Most of this was removed in the early round by the Bank of England. Overnight rates began quite tight in anticipation of a much larger shortage, but ended at 3 per cent after trading at around 5¾ per cent.

Elsewhere in European money markets, trading was considerably more subdued than in recent days. The Bundesbank's announcement of an unusual two-day currency pact early on Monday led German call money rates to rise from the very low levels reached on Friday. Mark overnight rates closed at around 7.15 per cent, up 5 basis points on Friday's levels.

The German central bank explained the two day pact as a way to drain the excess liquidity created by Wednesday's tender round. At the sama time, many dealers concluded that the German authorities were signalling a repo rate of 7.15 per cent in this week's pact, announced later this morning. This would be 18 basis points below the rate set at last week's tender. According to many traders, that would pave the way for a discount rate cut at next week's July 29 Bundesbank council meeting.

The German move helped ease pressure on French monay market rates with three-month money closing in Paris at 7.30 per cent, down more than 20 basis points.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jul 19)	3 months US dollars		6 months US Dollars	
	bid 3⅛	offer 3¼	bid 3 3/16	offer 3 5/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	3.09	Three year	4.28
Broker loan rate	5	Two month	3.06	Five year	4.99
Fed.funds	3⅛	Three month	3.08	Seven year	5.33
Fed.funds at intervention	-	Six month	3.22	10-year	5.70
		One year	3.40	30-year	6.55
		Two year	3.99		

Jul 19	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.10-7.20	7.25-7.35	7.25-7.35	7.15-7.25	6.90-7.00	6.25
Paris	7⅛-7⅜	7.60-8.00	-	7.30-7.65	-	6.75
Zurich	4⅝-4⅞	4⅝-4¾	-	4 11/16-4 13/16	-	-
Amsterdam	-	-	-	-	-	-
Tokyo	-	-	-	-	-	-
Milan	9½-10	9⅜-9½	-	9¼-9½	-	-
Brussels	-	8¼-8⅛	-	7¼-7½	-	-
Dublin	6-6¼	6⅝-6¾	6 7/16-6 11/16	6½-6⅝	6 7/16-6 11/16	-

LONDON MONEY RATES

Jul 19	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	6½	6⅛	5 15/16	6⅛	6	5 15/16
Interbank Bid	3	5 13/16	5 13/16	5¾	5⅞	5 13/16
Sterling CDs	-	-	6	5⅞	5 13/16	5 13/16
Local Authority Deps.	5½	5⅞	5 13/16	5⅞	5¾	5¾
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	5¼	5 13/16	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 5⅛ per cent; three months 5⅛ per cent; six months ... Bank Bills (sell); one-month ... per cent; three months ... per cent. Treasury Bills: Average tender rate of discount 5.1341 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 30, 1993. Agreed rates for period July 26, 1993 to Aug. 24, 1993 ... Reference rate for period May 29, 1993 to June 30, 1993 ... Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 6pc from July 1, 1993. Bank Deposit Rate for sums at seven days' notice 2 p.c. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month ... per cent; one-three months ... per cent; three-six months ... per cent; six-nine months ... per cent; nine-twelve months ... per cent; Under £100,000 ... p.c. from Jan 27, 1993. Deposits withdrawn for cash ... p.c.

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross	Int Cr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Money Market Bank Accounts

	Gross	Net	Gross	Int Cr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

FRANCE (continued)

GERMANY

GERMANY (continued)

ITALY

NETHERLANDS

NETHERLANDS (continued)

NORWAY

SPAIN

SWEDEN

SWEDEN (continued)

SWITZERLAND

SOUTH AFRICA

JAPAN

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

MALAYSIA

SINGAPORE

CANADA

TORONTO

4 pm close July 19

Quotations in cents unless marked $

MONTREAL

4 pm close July 19

Total Sales 10,391,551 shares

INDICES

NEW YORK DOW JONES

	July 16	July 15	July 14	July 13	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	41.22 (2/7/32)
Home Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	54.99 (1/10/81)
Transport	1549.92	1541.51	1543.82	1504.54	1683.08 (16/4)	1453.84 (4/1)	1683.08 (16/4/93)	12.32 (8/7/32)
Utilities	245.12	244.86	245.10	244.79	247.68 (16/4)	217.14 (8/1)	247.68 (16/4/93)	10.50 (8/4/32)

DJ Indl. Day's High 3571.61 (3573.81) Low 3505.84 (3509.85) (Theoretical♦)
Day's High 3551.77 (3550.98) Low 3525.50 (3526.06) (Actual♦)

STANDARD AND POOR'S

	July 16	July 15	July 14	July 13	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	445.75	449.22	450.08	448.09	456.33 (10/3)	429.05 (8/1)	456.33 (10/3/93)	4.40 (1/6/32)
Industrials¶	506.30	511.35	513.31	510.29	524.99 (10/3)	496.48 (28/4)	524.98 (10/3/93)	3.62 (21/6/32)
Financial	45.39	45.53	45.22	45.52	46.67 (13/4)	39.89 (8/1)	46.67 (13/4/93)	8.64 (1/10/74)
NYSE Composite	247.45	248.96	249.35	248.38	251.36 (10/3)	236.21 (8/1)	251.36 (10/3/93)	4.46 (25/4/42)
Amex Mkt. Value	436.47	437.86	438.57	438.11	440.95 (4/6)	395.84 (8/1)	440.95 (4/6/93)	29.31 (9/12/72)
NASDAQ Composite	699.73	708.69	712.49	708.47	712.49 (14/7)	645.87 (26/4)	712.49 (14/7/93)	54.87 (31/10/72)

	July 9	July 2	Jun 25	year ago (approx.)
Dow Industrial Div. Yield	2.83	2.96	2.85	3.13
	July 14	Jul 7	Jun 30	year ago (approx.)
S & P Industrial div. yield	2.52	2.56	2.51	2.68
S & P Indl. P/E ratio	25.37	24.89	25.42	28.45

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
RJR Nabisco	5,490,900	5½	- ⅛
Liz Claiborne	4,383,800	23	- 6⅝
Post Prop	4,221,200	27½	—
Merck	3,727,500	33⅛	- ⅝
Beverly Ents	3,651,200	11¾	- 1⅜
Philip Morris	3,081,700	47¾	- 2⅛
US Surgical	3,061,100	25⅛	+ 1⅛
Amer T & T	2,808,800	63¼	- ¼
Wal-Mart Stores	2,799,800	26¼	- ¼
IBM	2,640,700	45⅝	- 1⅞

TRADING ACTIVITY

† Volume Millions	July 16	July 15	July 14
New York SE	243.346	247.580	280.580
Amex	15.730	20.430	21.263
NASDAQ	(u)	300.221	290.561
NYSE			
Issues Traded	2,585	2,560	2,595
Rises	898	837	1,210
Falls	1,005	999	779
Unchanged	682	624	606
New Highs	116	116	144
New Lows	30	17	28

CANADA TORONTO

	July 16	July 15	July 14	July 13	1993 HIGH	1993 LOW
Metals & Minerals	2852.17	2887.52	2937.33	2984.08	3020.48 (2/7)	2743.31 (21/1)
Composite	3901.80	3931.30	3941.70	3951.70	3997.72 (2/7)	3275.80 (21/1)
MONTREAL Portfolio	1867.17	1877.28	1880.17	1898.89	1939.10 (25/6)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

WORLD INDICES

	July 19	July 16	July 15	July 14	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1796.2	1799.8	1806.9	1804.5	1806.90 (15/7)	1495.00 (13/1)
All Mining (1/1/80)	836.3	841.4	848.1	845.2	856.70 (12/7)	584.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	363.05	355.44	354.98	350.87	363.05 (19/7)	300.26 (14/1)
Traded Index (2/1/91)	898.77	877.90	878.86	871.34	898.77 (19/7)	712.06 (15/1)
BELGIUM						
BEL20 (1/1/91)	1319.47	1327.45	1331.53	1328.15	1331.53 (15/7)	1125.46 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	312.71	312.75	311.10	310.74	314.85 (30/6)	261.80 (4/1)
FINLAND						
HEX General (28/12/90)	1234.0	1222.9	1238.5	1249.8	1257.20 (13/7)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	543.85	540.35	546.08	(c)	547.37 (30/3)	471.24 (13/1)
CAC 40 (31/12/87)	1981.70	1974.93	1983.08	(c)	2035.91 (30/3)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	708.24	698.89	700.43	700.59	708.24 (19/7)	598.92 (14/1)
Commerzbank (1/12/53)	2021.6	1994.3	1998.4	1989.4	2021.60 (19/7)	1694.30 (14/1)
DAX (30/12/87)	1836.29	1813.46	1807.66	1811.55	1836.29 (19/7)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	6815.72	6925.22	6978.54	6955.50	7447.24 (27/5)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1635.56	1635.12	1639.76	1635.59	1639.76 (15/7)	1191.19 (11/1)
ITALY						
Banca Com. Ital. (1972)	555.15	556.41	554.57	553.66	559.17 (20/5)	446.33 (6/1)
MIB General (4/1/93)	1223.0	1225.0	1222.0	1220.0	1226.00 (20/5)	992.00 (11/1)
JAPAN						
Nikkei (16/5/49)	20150.92	20331.53	20158.02	20139.11	21076.80 (3/6)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1644.68	1652.88	1629.68	1631.52	1676.13 (3/6)	1250.06 (25/1)
2nd Section (4/1/68)	2250.52	2251.93	2248.50	2236.82	2284.97 (7/6)	1651.72 (26/1)
MALAYSIA						
KLSE Composite (4/4/86)	742.50	735.79	714.23	719.30	746.29 (11/6)	614.28 (13/1)
NETHERLANDS						
CBS TR.Rtn.Gen (End 1983)	353.2	352.6	351.3	352.4	354.30 (12/7)	295.70 (4/1)
CBS All Shr (End 1983)	231.7	231.4	230.5	231.2	232.50 (12/7)	198.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	848.92	855.03	855.91	856.66	856.66 (14/7)	679.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1621.70	1615.06	1624.07	1616.99	1654.39 (5/5)	1270.68 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	445.73	444.51	442.03	444.22	463.48 (21/5)	394.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1928.0¶	1901.0	1907.0	1964.0	2092.00 (7/7)	775.00 (5/1)
JSE Industrial (28/9/78)	4600.0¶	4633.0	4631.0	4637.0	4719.00 (6/7)	4333.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	749.38	759.17	762.40	762.96	777.25 (9/6)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	257.85	258.11	259.31	260.04	264.92 (22/6)	215.60 (4/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1152.1	1148.0	1144.8	1139.8	1152.10 (19/7)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1028.6	1033.4	1034.7	1041.7	1046.60 (13/7)	904.80 (11/1)
SBC General (1/4/87)	815.3	820.1	821.6	824.9	827.90 (13/7)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	3917.81	3914.04	3969.17	4022.47	5013.28 (7/4)	3088.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	892.91	885.36	890.05	892.96	998.44 (25/1)	818.84 (1/6)
WORLD						
M.S. Capital Intl.(1/1/70) $	567.5*	566.2	568.7	568.0	576.30 (3/6)	488.60 (13/1)
Euro Top-100 (26/6/90)	1037.61	1033.80	1034.07	1036.34	1037.61 (19/7)	882.73 (13/1)

**Saturday July 17. Taiwan Weighted Price: 3910.49, Korea Comp Ex. 759.17
¶ Subject to official recalculation.

*Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 20 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Monday, July 19, 1993

	Stocks Traded	Closing Prices	Change on day
Mitsubishi Kasei	7.8m	530	+12
Nippon Express	7.4m	1,070	+50
NEC Corp	6.0m	1,010	-10
Kaken Pharm	5.0m	1,730	+10
Ushio Incorp	4.9m	982	+82
Kyocera Corp	4.9m	6,460	+160
Nikkatsu	3.6m	23	
Sharp Corp	3.4m	1,370	-30
Towa Bank	3.2m	815	-4
Hitachi	2.9m	885	+1

4 pm close July 19

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

4 pm close July 19

NYSE COMPOSITE PRICES

Continued from previous page

- S -

1993 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22	16½	S Anita Rt	1.36	7.7	17	103	17⅞	17⅝	17⅝	
20¾	15¾	SCOR US Cp	0.32	2.0	204	10	16⅜	16¼	16⅜	+⅛
28¼	20	SPS Techno	1.28	4.6	20	11	28	27½	28	+¼
14½	12⅞	Sabine Rlt x	1.77	13.4	0	64	13¼	13⅛	13¼	
13¾	8⅞	Safecard	0.20	1.5	15	503	u13¾	13	13⅝	+⅜
23½	16⅞	Safeg'd Sc			8	171	18⅛	18⅞	19¼	+⅜
24¾	16¾	SafetyKln	0.36	2.2	25	411	17	16½	16⅝	-¼
17⅝	10⅞	Safeway			28	2727	u17⅝	17⅛	17½	+⅛
3⅞	2	SafewayW96				357	u3⅞	3⅝	3¾	
44½	37½	StJoePaper	0.20	0.6	100	65	42¼	41⅞	42⅛	+¼
37¾	31	StJoeL&P	1.76	4.8	14	10	36½	36¼	36½	+½
86¾	75	St Paul's	2.80	3.3	15	240	85¾	84½	85⅛	-⅛
11⅛	7⅞	Salant Crp			8	47	10⅝	10⅜	10⅜	-⅜
75¾	39⅞	Sallie Mae	1.20	2.8	9	2850	42⅝	42	42⅛	-¼
19⅞	13	Salomon Br	0.56	2.7		455	13½	13¼	13⅜	-⅛
41⅞	34	Salomoninc	0.64	1.6	20	2413	39¼	38¾	39⅛	
28⅞	23¼	SanDgo G&E	1.46	5.0	14	200	29½	28⅞	29⅛	+⅛
4⅜	3½	SantaFeEDu	0.40	10.0	200	83	4	3⅞	4	+⅛
11⅞	8⅛	SantaFeERe	0.18	1.6	975	538	9¾	9⅝	9¾	
40¾	35¼	SantaFePac	2.80	7.3	13	31	30⅞	30½	30½	-¼
18½	12¾	SantaFeSth	0.10	0.6	30	3226	17¾	17¼	17⅝	+½
31⅛	23⅛	Sara Lee	0.58	2.4	17	4972	24⅛	23⅞	24	
48½	40⅛	Scana Corp	2.74	5.7	15	270	48⅜	48	48⅛	+¼
24⅞	21½	Scecorp	1.42	6.0	14	2175	23¾	23⅜	23¼	+⅛
35⅞	23⅞	ScherertRP			23	132	28⅝	28⅜	28⅝	-⅛
70⅞	61¾	ScheringPl	1.80	2.8	17	12341	28	61⅞	64⅞	[illegible]

[illegible]

- X - Y - Z -

1993 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
88⅞	71½	Xerox	3.00	4.1	31	9193	74⅞	73¼	73½	-1
55½	51½	Xerox4.125	4.12	7.8		8	54½	54	54½	+¼
50½	31¼	Xtra Corp	0.48	1.1	18	306	43⅛	42¼	42⅝	-½
24½	19½	Yankee Egy	1.18	4.8	15	287	u24½	24¼	24⅜	
1¼	¾	Zapata			56	261	u1¼	1⅛	1⅛	-⅛
10½	5⅞	ZenithElec			2	1131	8⅜	7⅞	8⅛	-⅛
29¼	19⅝	Zenith Nat	1.00	3.6	23	650	27½	26⅞	27½	+⅝
7⅞	6½	Zenix Inc x	0.82	10.4		190	u7⅞	7¾	7⅞	+⅛
15⅛	12¾	Zero Corp	0.40	2.9	18	60	13⅞	13¾	13¾	-⅛
40¾	31⅜	Zurn Ind	0.88	2.7	14	620	33⅞	33	33	-⅞
13¼	12⅝	Zweig Fund	1.12	8.7		61	13	12⅞	12⅞	
10⅝	8⅞	Zweig Totl	0.96	9.3		175	10½	10⅜	10⅜	

Price data supplied by Telekurs

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

Owing to problems at Telekurs, Nasdaq prices are pre-close.

AMEX COMPOSITE PRICES

4 pm close July 19

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							
Bolar Ph		42	206	6⅝	6⅜	6⅜	
Bow Valley		46	20	10¾	10¾	10¾	-¼
Bowmar		13	8	2⅛	2	2	-⅛
Bowne	0.30	11	594	20¼	19½	20¼	+¼
Brascan A	1.04	11	46	19⅝	10½	10½	-⅛
Cal Engy		17	173	17¼	16⅞	16⅞	-⅜
Calprop		0	19	1	[illegible]	1	
Cambrex	0.20	14	3	19⅜	19⅜	19⅜	
Can Marc	0.28	14	8	11⅝	11⅝	11⅝	
Chmbrs A	0.01	5	550	5⅛	[illegible]	5	
Chambers		18	77	5⅛	[illegible]	5	
[illegible]							
Fina Inc A	3.20	31	2	62⅛	62⅛	62⅛	
FstCityBnc	0.20	11	2	11⅛	11⅛	11⅛	
Fluke (J)	0.52	15	35	24⅝	24½	24⅝	-⅛
Forest La		23	206	33¼	32⅞	33⅛	+⅛
Frequency		14	10	4	4	4	
Fr ofLoom		12	3710	32⅝	31½	31¾	-1
Garan	0.80	11	25	35⅞	35⅛	35⅞	+¼
Giant FdA	0.79	17	344	25½	20¼	25⅜	-⅛
Glatfltr	0.70	22	150	18½	18⅛	18⅛	-⅜
Goldfield		17	180	[illegible]	[illegible]	[illegible]	
Greenman		17	7	4¾	4¾	4¾	
[illegible]							
Lynch Cp		13	11	23¾	23½	23½	
Matec'Sc		21	668	u20¾	20⅜	20¾	+¾
Maxxam		7	118	28⅜	28	28⅜	+⅛
Media A	0.44	27	55	22⅛	21⅝	21⅝	-⅛
Mem Co	0.20	2	6	4¼	4¼	4¼	
Moog A		69	5	7⅝	7⅝	7⅝	-⅛
MSR Expl		3	14	[illegible]	[illegible]	[illegible]	
Nat Pint		3	154	3⅞	3¼	3⅞	-⅛
New Line		23	254	14¾	14¼	14¾	+⅝
NY TimesA	0.56	163	4584	24½	24¾	24½	+⅛
NthCanOil	0.20	44	16	12⅛	12⅛	12⅛	-⅛
[illegible]							
TownCntry		6	36	2⅞	2⅝	2⅞	
Tubos Mex		5	142	4¼	4⅛	4⅛	-⅛
UtdFoodsA		4	46	u1¾	1¾	1⅛	
UtdFoodsB	0.20	166	50	u2¼	2⅛	2⅛	
UnivPtnts		36	20	9⅜	9	9⅜	+¼
US Cellul		124	100	u30	29⅝	30⅞	
Weatherfd		29	6996	10½	9¾	10	-½
Westamer x	0.08	10	40	26⅜	25⅞	26¼	+¼
WIRET	1.12	20	45	14⅝	14⅜	14⅜	-⅛
Worthen	0.20	9	97	24⅝	24¼	24¼	-½
Xytronix		10	476	11¾	10⅞	10⅞	-⅞

NASDAQ NATIONAL MARKET

1:30 pm July 19

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]							

AMERICA

Slim gains for Dow as Apple effect remains

Wall Street

Equities posted slim gains on Wall Street yesterday morning in spite of the shock waves which continued to reverberate in the technology sector following Apple Computer's disappointing results released last week, *writes Karen Zagor in New York.*

At 12.30 pm, the Dow Jones Industrial Average was up 1.96 at 3,530.25. The more broadly based Standard & Poor's 500 was off 0.36 at 445.39, while the Amex composite was 2.24 lower at 434.23, and the Nasdaq composite lost 2.73 at 697.00. Trading volume on the New York Stock Exchange was just over 113m shares by 12.30 pm, and declines outnumbered rises by 979 to 786.

Apple Computer dropped $1⅜ to $26⅛ as investors continued to register their disappointment with the company's third quarter results. The stock dropped $7⅜ on Friday. Among other Nasdaq technology issues, Intel slipped $¾ to $50⅜ and Microsoft lost $1½ to $79⅜.

On the big board, International Business Machines fell $1⅛ to a 52-week low of $44⅝ and Digital Equipment lost $1⅛ to $37⅞, but Compaq added $⅜ to $44 and Hewlett Packard gained $⅛ to $75¼.

Drug company issues dominated NYSE morning trading with Merck, the world's biggest pharmaceuticals company, falling $1 to a 52-week low of $32⅝. Wellcome's ADRs slid $⅛ to $9 in heavy trading, Glaxo Holding's ADRs lost $⅜ to a year-low of $15⅛, Schering-Plough fell $⅞ to $63⅞ and Johnson & Johnson eased $⅛ to $38⅝.

The sector was hit by reports that analysts believe that the industry has not responded sufficiently to protect earnings from generic competition for own name-brand drugs, and from pressure in the private sector to contain costs.

The bank sector, however, was lifted by strong earnings from Chase Manhattan. Chase added $⅞ to $32⅞, Citicorp was up $⅛ at $31⅞ and Bank of New York added $⅛ to $56⅞.

Transportation stocks benefited from news that employees at United Airlines have proposed taking a stake in the company in exchange for making substantial labour concessions. The Dow Jones Transportation Average was 3.21 higher at 1,551.12 at 12.30 pm. UAL, parent of United Airlines, firmed $1⅞ to $137⅞. AMR, parent of American Airlines, rose $⅞ to $61⅛, USAir gained $⅛ to $15⅛ and Delta Air Lines gained $1⅛ to $48⅞.

Canada

TORONTO's weakening equity market was led sharply lower by plunging energy shares at midday, with the TSE 300 index down 33.54 at 3,868.25 in turnover of C$242.2m. Declines outpaced advances by 377 to 199, with 147 issues steady.

The oil and gas index fell by 150.83 or 3.3 per cent to 4,401.97. International Colin led the oil sector declines, shedding C$3 to C$16⅛. Talisman Energy dipped C$1⅞ to C$29.

Twelve of Toronto's 14 stock indices were lower on the morning, with communications stocks posting sharp declines. The sector fell by 163.59 or 2 per cent to 7,624.53. The heavily weighted Thomson Corp was C$⅜ lower at C$15.

Among actively traded issues, Skycreek Minerals rose C$0.07 to C$0.19 in volume of 1.85m shares while Toronto Dominion Bank edged C$⅛ lower to C$19 in volume of 1.09m shares.

SOUTH AFRICA

GOLD shares picked up after a dull start as the bullion price pushed above $395 an ounce, but industrials failed to follow the lead. Golds finished 27 higher at 1,928, Industrials shed 25 to 4,608 and the overall index lost 17 to 4,089.

EUROPE

Carmakers diverge in post-bourse German trade

INTERNATIONAL interest in German shares, once again, provided too much action for the official Frankfurt session to accomodate, *writes Our Markets Staff.*

FRANKFURT managed to bridge a whole weekend as strength in last Friday's post-bourse, where the DAX index closed at 1,829.43, was translated into a rise of 22.83 to 1,836.29 in yesterday's official session.

Turnover rose from DM7.7bn to DM9.4bn. Mr Eckhard Frahm, of Merck Finck in Düsseldorf, said that the rally was broadening its base again. Foreign buyers, including Britons, re-entered the German market after some consolidation last week and DB Research, with buy recommendations for six companies, added its considerable weight to the serious analytical and strategic support which equities had already received.

Inter-alia, the DB six included Daimler, Siemens, BASF and Viag. These four, accounting for a lot of the weight in the DAX, rose by DM15.50 to DM693, DM8.50 to DM656.50, DM8.90 to DM261.50 and DM8.50 to DM393.50 respectively, and Deutsche Bank itself gained DM10.50 to DM738.50.

Stocks which did better than most included BMW, up DM18 to DM576, and climbing further to DM581.50 in the London post bourse. BMW, said Mr Frahm, is seen as a safer haven than Daimler – or Volkswagen, which fell DM2.70 to DM337.50, and then another DM6.50 to DM351.50 in the afternoon as the market awaited judgement in one of the legal actions following the movement of Mr Ignacio Lopez and staff from General Motors to VW.

PARIS moved higher in thin volume, the CAC 40 index closing at 1,981.70, up 6.77 in turnover of just FFr1.8bn. Dealers accused Warburg of a possible downgrade in the case of BSN, down FFr15 to FFr852, but Bacot Allain, Warburg's Paris subsidiary, said that it still had BSN as a 'hold'.

Gains on the day included Air Liquide, up FFr15 to FFr750 and seen as a beneficiary of Eruopean economic recovery; and Vallourec, FFr12.70 to a new 1993 high of FFr198.90 after a FFr13.70 gain on Friday, which suggested position building to Paris professionals.

AMSTERDAM continued its climb on demand for cyclical stocks, combined with options-led buying and carry-through short-covering after Friday's July index contract expiry. The CBS Tendency General index rose 1.4 to 119.4.

Nedlloyd remained in demand on continuing speculation about the possibility of a merger, in spite of last week's denial that the group planned to link its container shipping arm with Sea Land, the US shipping group. The shares rose Fl 3.70 or 9.7 per cent to a 12 month high of Fl 41.80.

Recently favoured cyclicals continued higher. Hoogovens rose 70 cents to Fl 41.80. Akzo Fl 3.80 to Fl 165.80 and Stork Fl 1.40 to Fl 36.90.

MILAN finished easier in volatile trading which left the Comit index 1.28 lower at 555.13. However, some stocks received a boost from improved liquidity, following their listing on the market's electronic trading system last Friday.

Fiat, newly-listed on the electronic system, rose L141 or 2 per cent to L6,780 amid continuing talk of an asset sale or international accord.

In a broadly firmer telecommunications sector, Sirti, another newcomer to the system, added L330 or 3.5 per cent to L9,580.

Ferruzzi fell L29 or 7.7 per cent to L346 and Montedison was marked L47 or 7.3 per cent lower at L590. The shares came under renewed pressure amid concern that revelations by Mr Guiseppe Garafolo, a former executive, to magistrates investigating the country's political scandal, might imperil the rescue package being prepared by creditors.

Olivetti moved L86 or 3.9 per cent ahead to L1,765, in heavy trade on hopes that the consortium which it heads will win franchises for Italy's second mobile telephone operator.

ZURICH came under profit taking pressure which left the SMI index 14.4 lower at 2,396.4.

Roche certificates shed SFr70 to SFr5,005, triggering concern that stop-loss selling might begin if the issue falls below SFr5,000.

UBS bearers, one of the recent rally leaders, added SFr11 to SFr1,167 while CS Holdings shed SFr50 to SFr2,785. Analysts said that there was no change in fundamentals to explain a SFr18, or 2.2 per cent rise in Brown Boveri to SFr839.

STOCKHOLM continued higher for the 10th consecutive session and the Affärsvärlden index added 4.1 to 1,152.1.

However, Ericsson B shares, last week's star performer, went against the trend, easing SKr2 to SKr378.

Shares in Frontline, the bulk shipping group, remained suspended at the close after the company had said that it planned to place shares for SKr21 each with a consortium of foreign institutions, raising a maximum of SKr420m. The shares were SKr2 higher at SKr29 in early trading.

BRUSSELS saw the Bel-20 fall 7.98 to 1,319.47, as the retailer, GIB, dropped by BFr32 to BFr1,274 in active volume of 83,600 shares. Dealers blamed profit-taking after last week's gains.

VIENNA rose by 2.4 per cent. Austrian Airlines leading the market higher with a gain of Sch90, or 5.4 per cent to Sch1,750 as the ATX index briefly breached the 900 level before easing to close 20.23 higher at 898.77.

FT-SE Actuaries Share Indices

July 19								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1234.12	1234.72	1234.64	1234.75	1234.59	1235.14	1238.42	1235.43
FT-SE Eurotrack 200	1282.33	1282.45	1282.45	1283.57	1282.85	1283.36	1282.43	1283.54

	Jul 16	Jul 15	Jul 14	Jul 13	Jul 12
FT-SE Eurotrack 100	1234.37	1229.70	1237.14	1235.91	1232.60
FT-SE Eurotrack 200	1281.68	1278.79	1283.38	1278.32	1274.63

Base value 1000 (26/10/90) High/day: 100 - 1235.80; 200 - 1284.37 Low/day: 100 - 1233.64 200 - 1280.60

ASIA PACIFIC

Nikkei slips as Pakistan welcomes caretaker premier

Tokyo

INVESTORS reacted cautiously to the outcome of Sunday's lower house election, where the ruling Liberal Democratic party lost its hold on power and share prices receded on arbitrage-linked selling, *writes Emiko Terazono in Tokyo.*

The Nikkei average shed 180.61 to 20,150.92, the first fall in three trading days. The index rose to a day's high of 20,350.53 at the start of the session, but soon fell to the day's low of 20,089.71.

An estimated 280m shares changed hands, down from Friday's 344m. Declines outnumbered rises by 640 to 337, with 188 stocks unchanged. The Topix index of all first section issues slipped 3.20 to 1,644.68, and in London the ISE/Nikkei 50 index eased 0.14 to 1,252.71.

While the result of the lower house elections came as little surprise, investors were reluctant to take fresh positions because of the uncertainty over who will lead the next government.

Traders said that, while the downside remained limited due to underlying hopes of monetary easing, the stagnant economic growth will weigh on share prices. Mr Kazuo Tamayama, director at Yasuda Kasai Brinson Investment Management, said prices would not be affected by political developments, since the political changes were following the shifts in the economic and financial structures.

Reports on the political situation had little effect on movements in individual shares. Mitsubishi Kasei, the most active issue of the day, moved ahead Y12 to Y530 on its development of an anti-Aids drug.

Nippon Express, which was also actively traded, rose Y50 to Y1,070. The company, which has close links to Japan Railway, gained ground ahead of JR East's listing, scheduled for October. Reports of listing plans for DDI, a new telecom company, encouraged trading in its leading shareholders. Ushio climbed Y82 to Y983 and Kyocera appreciated Y160 to Y8,460.

Some financial issues were lower on arbitrage-linked selling. Industrial Bank of Japan weakened Y40 to Y3,200 and Mitsubishi Bank retreated Y30 to Y2,850. Profit-taking depressed mining issues, taking the sector down 1.99 per cent. Sumitomo Metal Mining dipped Y10 to Y1,060.

In Osaka, the OSE average relinquished 16.30 to 22,363.56 in volume of 24.9m shares. Nintendo, the video game maker, gained Y290 at Y9,600.

Roundup

POLITICAL events provided the key to developments in several Pacific Rim markets.

PAKISTAN was higher in brisk trade after Mr Ghulam Ishaq Khan, the president, and Mr Nawaz Sharif, the prime minister, resigned, ending months of political uncertainty. The KSE index rose 9.24 to 1,230.74.

Mr Kaikobad Kakalia, senior equities trader at BMA Capital Management in Karachi, said investors had taken heart at the smooth transition of power to the new caretaker premier, Mr Moeen Qureshi, a former vice-president of the World Bank.

"He is regarded as a respected international economist and people feel that the economy will be in safe hands," added Mr Kakalia.

HONG KONG saw across the board selling by overseas institutions. There was news over the weekend that the Shanghai Petrochemical flotation had received a tepid reception, and the institutions were unsettled by reports that China's Guangdong province may slow its property investment in the colony and that local property developers were pulling out of projects in China as austerity measures begin to bite.

The Hang Seng index fell 111.50, or 1.6 per cent, to 6,813.72 in turnover of HK$3.2bn, after Friday's HK$2.6bn. The property sector, 2.7 per cent lower, bore the brunt of the selling pressure.

AUSTRALIA recouped much of its early loss to close only slightly down on the day. Firm oil and gas shares also helped to offset weakness, and the All Ordinaries index finished only 3.6 off at 1,796.2.

TAIWAN was mixed, with industrials up on a minor technical rebound, while banking stocks remained weak. The weighted index closed 7.32 higher at 3,917.81 in thin turnover of T$10.55bn.

MANILA's composite index put on 6.64 at 1,621.70, boosted by the strength of second line issues. SEOUL was easier in slow trading on fears that protracted labour disputes at Hyundai subsidiaries would worsen. The composite index dipped 9.79 to 749.33.

KUALA LUMPUR extended Friday's gains but closed off the day's highs. The composite index moved up 6.72 to 74[illegible] on demand from institutional and retail investors after Malayan Banking further cut its base lending rate.

BANGKOK picked up after last week's five straight days of losses. The SET index rallied 13.65 to 898.91.

Strategists consider post-election Japan

By William Cochrane

Last week, prospects for Japanese politicians, the Japanese economy and the Tokyo equity market loomed large in the global equity performance charts.

The FT-Actuaries World Index rose by 0.6 per cent in local currency terms, with Japan's 2.7 per cent gain outweighing weakness in the US, and a flat performance from Europe.

On the political front, there were suggestions from the market as the week went on that the Liberal Democratic party could hold its ground in last Sunday's elections, or that a coalition would be formed around a core conservative party. As it happened, the LDP lost its overall majority.

The UBS global research team does not think that this is necessarily a disaster. In a preview of the current week, it says that for all the talk of political reform in Japan, the market would probably respond well to the consistency implied by an LDP-led government, "particularly if it was in partnership with some of the new centre-right parties".

UBS notes that there has been a growing consensus among the various Japanese political parties that a tax cut is needed to sustain recovery. "However," it points out, "the exact nature and timing of its introduction will depend upon the make-up of what is certain to be a coalition government." Caution, which seems implicit in this note, was reflected in a 0.9 per cent fall in the Nikkei index yesterday.

The US, meanwhile, mixed good inflation news seen early in the week with poor results, consumer and corporate expectations later as the quarterly results season got under way. So gains resulting from the essential weakness in the economy – reflected in a fall in the producer price index, and in bond yields – were overtaken by a high-impact downgrade of drug issues by Smith, Barney on Thursday, and by losses at Apple Computer, and a weak consumer confidence report on Friday.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1993	Start of 1993	Start of 1993
Austria	+1.26	+6.08	+5.03	+14.12	+8.99	+6.47
Belgium	+2.11	+7.63	+15.98	+20.27	+14.82	+12.17
Denmark	+0.67	+2.89	+0.81	+21.47	+16.20	+13.51
Finland	-2.22	+13.01	+78.34	+52.94	+40.46	+37.22
France	-0.26	+3.71	+8.09	+8.87	+4.45	+2.02
Germany	+0.77	+6.94	+3.21	+17.13	+12.61	+10.01
Ireland	+2.01	+3.90	+24.44	+35.89	+16.87	+17.09
Italy	+2.92	+8.35	+40.77	+36.50	+29.41	+26.41
Netherlands	-0.65	+2.56	+15.24	+16.38	+11.61	+9.04
Norway	+2.13	+8.86	+16.41	+23.16	+18.36	+15.63
Spain	+0.17	-2.91	+15.64	+20.83	+4.12	+1.71
Sweden	+2.68	+5.53	+30.47	+16.68	+5.30	+2.86
Switzerland	-0.56	+3.00	+28.20	+16.76	+15.58	+12.90
UK	-0.39	-1.47	+16.50	+1.26	+1.26	-1.08
EUROPE	+0.14	+2.08	+15.40	+10.44	+7.33	+4.85
Australia	+1.11	+3.02	+5.48	+12.54	+13.60	+10.97
Hong Kong	-1.86	-4.26	+8.08	+26.30	+26.04	+26.06
Japan	+2.74	+4.50	+29.41	+25.19	+47.94	+44.53
Malaysia	-0.37	-2.36	+37.31	+24.36	+29.53	+26.54
New Zealand	-1.61	+4.05	+7.77	+13.00	+23.57	+20.70
Singapore	-1.41	-2.87	+15.28	+13.90	+17.99	+15.27
Canada	-1.07	-2.61	+3.64	+9.23	+11.12	+8.54
USA	-0.51	+0.75	+7.46	+2.49	+4.92	+2.49
Mexico	+1.92	+4.13	+7.24	-5.81	-3.87	-5.90
South Africa	-0.75	+3.63	+17.43	+31.03	+43.92	+40.58
WORLD INDEX	+0.64	+2.11	+15.16	+11.51	+17.45	+14.73

† Based on July 16th 1993. Copyright, The Financial Times Limited, Goldman Sachs & Co, and NatWest Securities Limited.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY JULY 16 1993								THURSDAY JULY 15 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	138.84	−0.8	139.18	94.92	124.49	136.17	−0.2	3.69	139.65	139.14	95.51	125.21	136.42	144.16	117.39	143.49
Austria (17)	149.23	−0.3	149.59	102.02	133.79	133.96	+0.1	1.45	149.68	149.15	102.38	134.21	133.89	150.96	131.16	165.70
Belgium (42)	149.44	−0.3	149.80	102.15	133.98	131.38	−0.2	4.35	149.90	149.38	102.52	134.40	131.60	156.76	131.19	152.27
Canada (108)	125.52	−0.8	125.83	85.81	112.53	116.30	−0.9	2.89	126.49	126.03	86.51	113.40	117.88	130.38	111.41	129.68
Denmark (33)	211.27	+0.7	211.79	144.44	189.42	182.95	+0.6	1.17	209.84	209.08	143.52	188.13	161.79	225.64	185.11	247.51
Finland (23)	95.52	−1.6	95.75	65.30	85.64	116.66	−1.4	1.04	97.40	87.04	66.62	87.32	118.51	100.92	65.50	77.48
France (97)	150.18	+0.4	150.53	102.65	134.62	138.86	+0.4	3.30	149.60	149.05	102.31	134.11	138.28	167.36	142.72	161.76
Germany (60)	114.45	+0.2	114.73	78.25	102.61	102.61	+0.2	2.07	114.21	113.78	78.12	102.39	102.39	117.10	101.59	129.36
Hong Kong (55)	279.29	−0.6	279.97	190.93	250.41	278.12	−0.6	3.39	281.11	280.08	192.26	252.04	279.90	301.81	218.82	257.34
Ireland (15)	158.99	−0.2	159.38	108.69	142.54	160.19	−0.4	3.44	159.39	158.81	109.01	142.90	160.76	170.40	129.28	164.98
Italy (70)	89.36	+0.7	69.53	47.42	62.18	82.42	+0.4	1.97	68.90	89.65	47.12	81.77	82.12	72.82	53.78	68.78
Japan (470)	151.80	+0.8	152.16	103.77	136.11	103.77	+0.6	0.80	150.54	150.00	102.86	134.99	102.96	155.96	100.75	100.25
Malaysia (69)	330.86	+2.6	331.86	226.18	296.63	327.54	+2.7	2.06	322.61	321.43	220.64	289.23	319.00	349.34	251.66	246.11
Mexico (19)	1550.67	−0.2	1554.43	1060.09	1390.27	5294.80	−0.2	0.93	1553.52	1547.87	1062.53	1392.83	5303.26	1725.81	1410.30	1492.97
Netherland (24)	165.08	+0.3	165.48	112.85	148.01	146.28	+0.4	3.76	164.59	163.99	112.57	147.57	145.73	172.75	150.39	166.35
New Zealand (13)	51.77	−0.6	51.90	35.39	46.42	50.07	−0.7	4.45	52.21	52.02	35.71	46.81	50.43	52.94	40.56	48.15
Norway (22)	159.23	−0.2	159.61	108.86	142.76	159.28	+0.0	1.66	159.63	159.05	109.18	143.12	159.25	166.21	137.71	172.55
Singapore (38)	245.94	+0.7	246.53	168.13	220.49	183.72	+0.9	1.88	244.27	243.39	167.07	219.00	182.14	262.72	207.04	211.88
South Africa (60)	208.20	+1.4	208.71	142.33	186.66	205.92	−0.3	2.46	205.39	204.65	140.47	184.14	206.51	211.77	144.72	211.10
Spain (44)	118.60	−1.1	118.89	81.08	106.33	122.26	−0.5	4.72	119.95	119.51	82.04	107.54	122.86	132.82	115.23	145.55
Sweden (36)	170.30	+0.1	170.71	118.43	152.69	202.25	+0.2	1.87	170.11	169.49	116.35	152.52	201.78	184.06	149.70	194.67
Switzerland (50)	127.59	−0.1	127.90	87.23	114.40	119.88	−0.2	1.81	127.72	127.25	87.36	114.52	120.08	129.36	108.91	113.24
United Kingdom (219)	170.49	−0.6	170.91	118.54	152.84	170.91	+0.0	4.06	171.53	170.90	117.30	153.77	170.90	181.99	162.00	188.86
USA (520)	182.54	−0.8	182.96	124.79	163.66	182.54	−0.8	2.81	183.99	183.32	125.85	164.97	183.99	186.27	175.38	169.03
Europe (752)	142.60	−0.2	142.95	87.49	127.86	137.89	+0.1	3.23	142.85	142.33	97.70	128.08	137.76	149.02	133.92	153.50
Nordic (114)	161.72	+0.0	162.11	110.56	144.99	166.13	+0.1	1.48	161.74	161.15	110.62	145.01	167.92	171.77	142.13	161.32
Pacific Basin (714)	154.94	+0.7	155.51	105.92	138.61	110.04	+0.7	1.07	153.82	153.26	105.21	137.91	109.27	159.07	105.89	108.90
Euro–Pacific (1466)	149.76	+0.4	150.13	102.37	134.26	121.87	+0.5	1.92	149.20	148.66	102.04	133.76	121.31	154.05	117.26	125.75
North America (628)	178.99	-0.8	179.42	122.38	160.50	178.03	-0.8	2.81	180.41	179.78	123.41	161.78	176.46	182.38	171.51	166.56
Europe Ex. UK (533)	124.89	+0.1	125.19	85.39	111.99	116.55	+0.2	2.68	124.74	124.29	85.33	111.86	118.36	128.65	112.51	131.89
Pacific Ex. Japan (244)	186.46	+0.0	186.61	127.49	167.18	172.45	+0.1	3.20	186.54	185.87	127.81	167.27	172.24	194.08	152.70	172.40
World Ex. US (1653)	150.41	+0.4	150.77	102.83	134.85	123.91	+0.4	1.94	149.87	149.33	102.51	134.38	123.40	154.27	118.51	127.66
World Ex. UK (1954)	159.15	+0.0	159.53	106.80	142.70	139.09	−0.1	2.09	169.20	158.82	108.89	142.74	139.18	161.34	134.22	136.09
World Ex. So. Af. (2113)	159.64	−0.1	180.33	109.35	143.41	141.54	+0.0	2.27	180.10	159.52	109.51	143.55	141.81	182.74	137.29	140.22
World Ex. Japan (1703)	166.59	-0.5	166.99	113.90	146.38	163.16	−0.4	2.95	167.43	166.82	114.52	150.14	163.90	170.05	157.47	163.24
The World Index (2173)	160.17	−0.1	160.56	106.50	143.61	142.08	+0.0	2.27	160.31	159.72	109.65	143.74	142.15	162.86	167.32	140.65

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